# NETHERLANDS COUNTRY COMMERCIAL GUIDE FY 2002



This Country Commercial Guide (CCG) presents a comprehensive look at the Netherlands' commercial environment, using economic, political and market analysis. The CCG's were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

The United States' partnership with the Netherlands is its oldest continuous relationship and dates back to the American Revolution. Our excellent bilateral relations with the Netherlands are based on close historical and cultural ties and a common dedication to individual freedom and human rights. An outward looking nation, the Netherlands shares with the U.S. a commitment to open markets and free trade. The two countries share similar positions on a number of trade and policy issues and work together bilaterally and through multilateral organizations on matters concerning trade, economic cooperation, and regional and global problems.

The Netherlands is about the size of the State of Maryland, with a population of 16 million.

So why should American exporters "Go Dutch?"

The Netherlands is one of the top dozen trading countries in the world. It is currently ranked 13th in GNP, eighth in imports of goods and services from the U.S., and is the third largest foreign investor in the U.S., behind the United Kingdom and Japan. The U.S. is the largest foreign investor in the Netherlands and has its largest bilateral trade surplus in the world with this country ($12.3 billion in 2000).

The Netherlands is a key center within the global business network. Its advanced infrastructure is geared towards the transportation of goods, people, and electronic data. Core distribution points within the Netherlands include Rotterdam, the world's largest port, and Amsterdam Schiphol Airport, the fourth largest in Europe. More than half the Netherlands' GDP is generated by activities beyond the national borders.

Over 160 million consumers (more than half the population of the European Union) live within a 300-mile radius of Rotterdam. Use of English is widespread and 73 percent of the Dutch population is fluent in one or more foreign languages.

Strong economic performance beginning in 1996 was a result of a combination of rigorous and stable macroeconomic policy, with wide-ranging structural and regulatory reforms. These reforms continue to stimulate market flexibility and the creation of more dynamic and deregulated capital and financial services markets.

After four years of sustained economic growth, falling unemployment and modest inflation, the Dutch economy has shifted into lower gear. The slowdown has been affected by both domestic and foreign demand. Unexpected first quarter growth slowdown and the negative impact of Bovine Spongiform Encephalopathy (BSE) and foot-and-mouth disease have reduced the official growth estimate for the year 2001 to just 2.5 percent. Dutch economic performance will have to improve to meet even this conservative growth forecast and to return to its potential three percent growth path. On the positive side, merchandise exports and imports in 2000 grew at almost the same rate (6.6% and 6.7% year-on-year).

With a relatively robust economy, continuing budget surpluses, and a declining national debt, the Netherlands is well positioned for the coming of the Euro. The latest Netherlands Central Bank Euro survey projects increased revenues for the Dutch business sector resulting from the introduction of the Euro of close to $4 billion, chiefly as a result of lower transaction costs. The survey also predicts the Euro to bring around $3 billion in new investment into the Netherlands.

The range of export potential for products and services in the Netherlands is amazingly broad-based. American exporters considering the Dutch market should follow the conventional wisdom that an American product with strong sales in the U.S. can expect to do well in the Netherlands.

More than 7,000 U.S. companies have appointed Dutch agents and distributors in the Netherlands. Approximately 1,600 American companies or affiliates have operations here, employing over 150,000 people. In 2000, ninety-four new foreign direct investment projects were registered with the Netherlands Foreign Investment Agency with a value of $435 million, creating more than 5,000 new jobs. More than half were from the U.S. The Netherlands was the third largest recipient of U.S. direct investment worldwide in 2000, up from fifth position in 1995, and moving ahead of countries like France and Switzerland.

The country's strategic location combined with the relative ease of doing business makes the Netherlands an ideal European operations location for American companies. The Netherlands boasts a world-class and user-friendly transportation and distribution infrastructure, as well as a full menu of business services. Companies may want to start by taking advantage of the state-of-the-art Dutch distribution system that includes "value added logistics" (VAL) services.

American firms expanding into Europe should seriously consider the Netherlands as a springboard into the rest of Europe - geographically, structurally and culturally the most logical choice.

If you are interested in doing business in the Netherlands, the Commercial Service should be your first point of contact. Please contact your nearest U.S. Export Assistance Center. For a list of US Export Assistance Centers around the U.S., go to: www.usatrade.gov.

Detailed information on our services and programs in the Netherlands is available on the following website: www.usemb.nl. For information on the U.S. Department of Commerce's programs in Europe, see www.sce.doc.gov.

After four years of four-percent average annual GDP growth, falling unemployment and modest inflation, the Dutch economy has shifted into lower gear. In the first quarter of 2001, the economy came to a standstill with GDP growth dropping by 0.3 percent compared to last quarter (a 1.6 percent increase over a year ago), the lowest growth rate recorded in eight years. The growth slowdown has been affected by both domestic and foreign demand. Consumer spending growth in QI 2001 fell sharply to 1.4 percent compared to last year.

Lower consumption results partly from consumers accelerating their spending (in particular cars) at the end of 2000 in order to avoid paying an increased VAT rate (from 17.5 percent to 19 percent) on January 1, 2001. Consumer sentiment has also been influenced by the bearish stock market and falling property prices, which led consumers to increase their savings.

In comparison to the previous year, merchandise exports saw 6.6 percent real growth and about a 6.7 percent real import gain. With export prices rising faster than import prices, the surplus on the merchandise trade balance saw a further increase from last year. Excluded from first quarter 2001 statistics is an estimated 0.3 percentage negative growth resulting from the impact of BSE and foot-and-mouth disease (FMD) on economic performance. The unexpected Q1 growth slowdown and the negative impact of BSE and FMD have reduced the official growth estimate for the year 2001 to just 2.5 percent. Dutch economic performance will have to improve to meet even this conservative growth forecast and to return to its potential three percent growth path.

Strong economic performance over the past four years has resulted from a combination of a rigorous and stable macroeconomic policy with wide-ranging structural and regulatory reforms. Sharp cuts in subsidy and social security spending combined with consistent wage moderation, deregulation and privatization of former state-owned companies and increased competition have helped the Dutch economy to achieve sustained economic and employment growth. Structural reforms continue emphasizing further product market flexibility and the creation of more dynamic and deregulated capital and financial services markets.

Fiscal consolidation has balanced the budget and reduced the stock of public debt, ranking the Dutch among the best performers of Economic and Monetary Union (EMU). For the first time since 1973, the central government budget ran surpluses (1.0 percent and 2.2 percent of GDP in 1999 and 2000 respectively). The general government budget will continue to show a surplus in 2001 (surplus of 0.2 percent of GDP) and 2002 (surplus of 0.7 percent). The stock of public debt fell in step from well over 67 percent in 1998 to 56.3 percent of GDP in 2000. The debt to GDP ratio is forecast to come down further to slightly less than 50 percent of GDP in 2002, which is well below the EMU 60 percent debt to GDP criterion.

With a relatively robust economy, continuing budget surpluses, and a declining national debt, the Netherlands is well positioned for the coming of the Euro. The latest Netherlands Central Bank Euro survey projects increased revenues for the Dutch business sector resulting from the introduction of the Euro of close to $4 billion as a result chiefly of lower transaction costs. The survey also predicts the Euro will bring around $3 billion in new investment into the Netherlands. While the Dutch have no difficulty meeting the basic criteria for EMU, efforts to prepare for the introduction of the currency seem to be lagging behind. Despite the anticipated advantages, Dutch businesses have been slow in planning to phase out the guilder. Small and medium size enterprises especially seem to have postponed preparations for the currency changeover until the last minute.

**Inflation**

The current slowdown of the economy has been overshadowed by a sharp flare-up of consumer price inflation. An increase in the VAT rate from 17.5 percent to 19 percent, a hike in gasoline prices, and increases in food prices triggered by BSE and foot-and-mouth disease increased the CPI in the first quarter of 2001 to a staggering 4.9 percent (EU harmonized 5.3 percent CPI rise) compared to last year. This is by far the sharpest consumer price rise the Dutch have seen since the early 1980's. It has increased inflation well over the eurozone average inflation rate of 2.9 percent and is forecast to catapult the CPI increase to an alarming 4.5 percent in 2001, up from 2.6 percent in 2000. The Government's expectation is that the current inflation surge is a temporary phenomenon caused by higher indirect taxes and that inflation will ease to two percent in 2002. The Netherlands Central Bank (NB) does not subscribe to this view and warned that inflation is likely to stay at the relatively high level of three percent. The NB is of the opinion that, even if adjusted for the fiscal impact on inflation created by an increase in indirect taxes, core inflation remains at an alarming 3.9 percent. The Dutch Central Bank fears that a potential price/wage spiral will erode the Dutch competitive position vis-a-vis European competitors back to the 1987 level.

Sharply rising inflation may invite trade unions to table higher than expected contract wage demands and trigger a feared for wage-price spiral. Already concluded labor contracts for the year 2001 (65 percent of contracts) and 2002 (20 percent of contracts) provide for an average contract wage rise of 3.9 percent and 4.2 percent respectively, the highest increases since 1992. Trying to repeat its successful inflation control strategy of the 1970's, the Central Bank supported by the government has called on trade unions and industry for moderation of wage demands. The Government also is attempting to expand labor supply by keeping pressure off the labor market, especially by increasing the participation of older and disabled workers.

Holland's largest commercial bank, ABN Amro, forecasts an average annual dollar/guilder exchange rate of Dfl 2.75/$1 for 2001, compared to Dfl 2.35/$1 in 2000, and falling to a rate of Dfl 2.59/$1 in 2002. The exchange rate stood at Dfl 2.56/$1 in mid-July 2001. After having fallen to an historic low in 1999, nominal and real interest rates have shown little movement. The average yield on treasury issues is forecast to firm only slightly to 5.4 percent and 5.6 percent in 2001 and 2001 respectively - only fractionally higher than the yield on government bond issues of 5.0 percent in 2000. Dutch Money market rates of 4.5 percent and 4.6 percent in 2001 and 2002 respectively, continue to shadow the European Central Bank's Repo rate (4.5 percent in mid-July 2001).

**Labor Costs**

Labor costs in the Netherlands represent a large part of overall production costs. While an average labor cost increase between 1993 and 1996 lacked the eurozone average by 0.5 percentage points, the average labor cost increase between 1997 and 2000 exceeded the increase in competitor eurozone countries by 1.7 percentage points. The difference is likely to widen even more in the coming years, with the growth rate of labor costs in the Netherlands receiving a positive impulse from a tight labor market and from rising inflation.

One of the key economic policy objectives of a new coalition government after the general election in May of 2002 should be to further reduce the wage component in labor costs. A consistent policy of wage moderation combined with declines in the burden of social security contributions by the business sector is clearly beginning to bear fruit.

The biggest threat to sustained growth is the possibility that the average contract wage increase may exceed the government's three percent target. In the short term this may translate in higher consumer spending and higher growth. But in the long run, higher wage costs are likely to erode the Dutch competitive position and result in falling exports. Wage bargaining in 2000 yielded an average contract wage rise of 3.3 percent (up from average 2.6 percent in 1999), while the average contract wage rise is forecast to accelerate to more than four percent in 2001. Wage increases in 2000 and 2001 were offset by productivity gains, higher producer prices and a further drop in unemployment. In the long run the Dutch will have to focus on raising labor productivity rather than wage-cost moderation.

**Principal Growth Sectors**

The Dutch information and communication (ICT) sector continues by far to be the fastest growing sector in the Dutch economy. The government's think-tank Central Planning Bureau or CPB observes that with average annual output of 13 percent, the ICT sector quadrupled the growth rate achieved by other sectors in the Dutch economy.

Explosive growth in mobile telephony and Internet usage, and the issues related to the "millennium changeover" have provided an enormous boost to the ICT sector. During the second half of the previous decade, the ICT sector expanded vigorously and contributed more than 0.6 percentage point annually to overall GDP growth. Although the share in GDP of the Dutch ICT sector is smaller than that in other European countries, stronger growth of the Dutch ICT industry has led it to outperform European ICT in terms of its share in GDP growth.

There are two developments that have led to a recent slowdown in ICT growth. In telecommunications, the number of subscriptions to mobile telephony, the number of Internet connections and the use of these media have reached the point of saturation. Providers are increasingly faced with consumer reluctance when it comes to investing in new ICT products. One of the factors that leads to consumer restraint is the uncertainty surrounding the adoption of e-commerce as a useful alternative to the traditional way of doing business.

For 2001 and 2002, Dutch ICT output growth is forecast to soften to just ten percent. But because the ICT sector has seen relatively rapid expansion, its contribution to GDP growth in 2001 and 2002 will remain unchanged.

## Government Role in the Economy

### Unresolved Problems

Deficit and Debt: Although the European Commission has complimented the Dutch on their successful fiscal consolidation in the past decade, they have also advised them to further increase the fiscal surplus to improve their ability to withstand external shocks. They further advise them to reduce the stock of public debt to cope with the budgetary consequences of a rapidly graying population. To this end, a recent government paper on fiscal policy options available to the next cabinet recommended a fiscal surplus of more than one percent of GDP in order to pay off the total stock of debt during the next 25 years. Although the fiscal balance has been showing a small surplus since 1999, a surplus in excess of one percent of GDP will not be reached until 2002.

Unemployment and Inactivity: The Dutch "inactivity ratio", defined as the ratio between benefit recipients and economically active people, remains relatively high. Where the level of officially registered unemployed dropped to 1.9 percent in the first quarter of 2001 (the lowest level in the eurozone), the percentage of benefit recipients in the labor related disability program (WAO) is currently at 14 percent of the labor force.

A modest decline in the inactivity ratio since 1994 has been attributed primarily to sharply rising job growth rather than to a fall in the number of benefit recipients. Despite drastic reforms in social security programs aimed at stricter criteria for disability and unemployment benefits, the dependency ratio (number of benefit recipients relative to active labor force) in 2001 is expected to fall only slightly to a ratio of 65:100. In 1999, the ratio was 68:100.

The Netherlands currently has the highest level of part-time workers in the OECD. An increase in women joining the workforce has contributed to the growth of part-time employees. Part-time workers now make up more than 35 percent of the working population. Labor market participation, especially by elderly workers, remains relatively low at 51 percent of the potential labor pool. The high part-time employment rate and low labor market participation are the main factors contributing to less than full utilization of labor potential. Increasing labor market participation is regarded as a critical to ensure continued economic growth and to cope with the impact of a rapidly graying population.

Privatization and the Welfare State: The Netherlands leads its continental EU partners in liberalization and privatization in a number of areas, e.g., postal and telecommunication services, and public transportation. While liberalization is proceeding on schedule, privatization of former government entities is going less smoothly. Problems encountered with the privatization of public transport (railways), the energy sector (electricity), and the public health sector (hospitals) has led Parliament to question the need and the benefits of full privatization of public services.

Prominent observers inside and outside the Government believe that the Netherlands should continue to deregulate, liberalize, and privatize. Political and public opinion is increasingly swinging behind the idea of a less generous welfare system, lower taxes, and more competition. Opinion polls show increasing public support for a smaller state sector and a "minimal" (Dutch definition) social security and also for a basic less generous national health system.

**Balance of Payments Situation**

A positive balance of payments situation continues to be one of the strong features of the Dutch economy. Real export and import growth of close to six percent contributed to a merchandise and services trade surplus of roughly $20 billion in 2000. The U.S. has its largest trade surplus in the world with the Netherlands - almost $12.3 billion. The Dutch currently are our ninth largest trading partner worldwide, and third largest U.S. export market in Europe.

Dutch exports are biased towards recession-resistant food and agricultural products and semi-finished products, notably chemicals. This has cushioned the Dutch economy from sharply weaker demand from Germany, its major trading partner, and other EU countries during recessions. An increase in the demand for capital goods triggered by a recovery in world trade is, on the other hand, likely to be of less benefit to Dutch exports.

With regard to the geographic distribution of Dutch trade, close to 80 percent of exports are destined for the EU, with a little less than 70 percent of Dutch imports originating from the EU. Trade relations with Asia on the other hand are relatively small (imports from Asia account for 17 percent of total imports, exports to Asia cover seven percent of total exports).

A large surplus in merchandise trade continues to be the main contributor to a current account surplus of close to six percent of GDP, averaging $20 billion in 2001. Except for EU-wide impediments, there are no significant trade barriers.

**Infrastructure**

The Dutch Government has actively stimulated growth, employment, and competitiveness through infrastructure spending. A total of more than $60 billion in infrastructure investment currently in the pipeline will be financed predominantly by one-off proceeds. These will be generated by the sales of state holdings including the Dutch State Mines (DSM), the Dutch PTT, and one-time windfall revenues from the sale of natural gas and the auctioning of third generation mobile phone licenses.

The Transport Ministry’s long-term infrastructure and transportation plan earmarks an estimated 80 billion guilders (roughly USD$32 billion) between 2010 and 2020 to cope with rapidly growing mobility. This money will supplement 71 billion guilders ($28 billion) in the National Traffic and Transportation Plan (NVVP) which has been allocated to finance expansion and improvement of road, rail and water infrastructure in the period up to 2010.

An additional $4 billion will go to finance a project to improve access to the "Randstad" urban area between Amsterdam and Rotterdam. Annual infrastructure maintenance will require close to $2.5 billion annually. Total infrastructure spending over the next two decades may be even higher if the Government succeeds in supplementing its projected investment outlays with contributions from the EU's structural funds.

In addition to the "Best Prospects Sectors" listed in Chapter 5, there are opportunities for American companies providing products and services which meet the requirements of planned Dutch infrastructure development projects, including: the Rotterdam Port and

City Development Plan ("Havenplan 2010"), the Amsterdam Schiphol Airport Development Plan ("Masterplan 2003"). The latter will lead to the construction of a new airport, and a new metro line connecting the airport to Amsterdam's recently approved multi-million dollar (estimated $300 million) urban development project ("Plan-Zuid").

The construction of an all-freight rail line between Rotterdam and Germany ("Betuwelijn") and the construction of two high-speed (HSL) passenger rail lines to link Amsterdam with Germany and France using the French TGV are already well in progress. The rail links will include long underground sections resulting in extra infrastructure outlays of about $600 million, and special tunnel construction expertise. Because European Union rules have opened public procurement to U.S. firms, there may be attractive opportunities for U.S. companies to participate in the renewal of the Dutch physical infrastructure.



**Nature of Political Relationship with the U.S.**

The Netherlands has a historically close bilateral relationship with the U.S., encompassing a full agenda of political, economic, military and social issues. The Dutch are strong proponents of free trade and staunch allies of the U.S. in international forums like the World Trade Organization (WTO), the Organization on Security and Cooperation in Europe (OSCE), the International Monetary Fund (IMF), and other multilateral organizations. The Netherlands and the U.S. also work closely together in NATO, the United Nations, and the Organization on Security and Cooperation in Europe (OSCE). The Dutch play a decisive role in European political and monetary integration. The Dutch also strongly support keeping EU markets open to Central and Eastern Europe and expanding the EU eastward.

**Major Political Issues Affecting Business Climate**

A three-party coalition consisting of the left-leaning Labor Party (PvdA), the right-leaning Liberal Party (VVD) and center-left Democrats (D66), has been in power following general elections in May of 1998. The resulting government is composed of the same three parties as the preceding government, although the balance has shifted somewhat. The Government is implementing a coalition agreement aimed at fiscal consolidation, restructuring the social welfare system, and improving the business climate. Reforms are continuing with a stronger emphasis on market flexibility. Among priorities for addressing business needs are reduction of the company tax burden, and improvement of labor market flexibility. In foreign affairs and defense policy, there is strong consensus in the Netherlands in favor of continued close ties with the U.S., support for NATO, and further European integration through the EU. General Elections are scheduled for May 2002.

**Brief Synopsis of Political System, Schedule for Elections, and Orientation of Major Political Parties**

The Netherlands is a constitutional monarchy with a parliamentary form of government. The Monarch (Queen Beatrix) is the titular Head of State. However, the Council of

Ministers (the Cabinet) is responsible for government policy. The Ministers, collectively and individually, are responsible to the Parliament, but do not serve in Parliament.

The Dutch Parliament (also known as the "States General") consists of two houses, the First and Second Chamber. Historically, Dutch Governments have been based on the support of a majority in both houses of parliament. The First Chamber has 75 members who are elected indirectly. The First Chamber passes or rejects bills originating in the Second Chamber. The Second Chamber is by far the more important of the two houses. It alone has the right to initiate legislation and amend bills submitted by the Council of Ministers. It shares with the First Chamber the right to question ministers and junior ministers. The Second Chamber consists of 150 members, elected for a four-year term (unless the Government falls prematurely), on the basis of a nationwide system of proportional representation. This means that the members represent the entire country rather than individual districts, as is the case in the U.S. Members are normally elected on a party slate, not on a personal basis.

Following elections in May 1998, nine political parties in the Second Chamber represented the political spectrum from left to right. Among the larger parties are Labor (PvdA) with 45 seats, the Liberal (read conservative) VVD party with 38 seats, the Christian Democrats with 29 seats and the left-of-center Democrats 66 (D66) party with 14 seats.

The Labor party's traditional base has been among the labor unions and working classes, while the Christian Democrats draw on a long tradition of faith based organizations. The Liberal party is a strong advocate of free enterprise and restricted government intervention. The D66 party combines views from left and liberal streams, while advocating political reform. The smaller parties include three Protestant groups with orthodox views on ethical questions but leftist views on most other issues, as well as two leftist parties with more traditional socialist views than the labor party. Extremists on the right were voted out of parliament in the most recent Dutch elections in May 1998. These elections have resulted in gains for the two larger coalition parties PvdA and VVD and losses for the third, the D66 party. There seems to be enough common ground on economic policies among the three coalition parties to continue the government's successful socio-economic policies for another four-year term in office.



**Distribution and Sales Channels**

The introduction of products into the Dutch market is relatively uncomplicated and may be achieved using several methods. Product representation throughout the Netherlands is facilitated by the compact market and may be achieved with any of the following distribution methods to cover the entire area, depending on the expected sales volume, product support requirements, and marketing techniques. However, these methods must be applied while being mindful of the advantages a local representative would have in serving the home market:

- Establishing a sales office to serve the entire country and provide a distribution base for Western Europe.

- Selling through an agent or distributor whose activity may cover specified areas, the entire Benelux, or include European sales.

- Selling through established wholesalers or dealers.

- Selling directly to department stores, retail chains, retail cooperatives, consumer cooperatives, or other purchasing organizations.

### Use of Agents and Distributors; Finding a Partner

The Netherlands is one of the most densely populated countries in the world, with an average of 958 inhabitants per square mile. This population density compares to 848 inhabitants per square mile for Belgium, 830 for Japan, 613 for the United Kingdom, 583 for Germany, and 70 for the U.S. The most densely populated region in the Netherlands is called the Randstad. This region comprises the key marketing areas of Utrecht, Amsterdam, The Hague, and Rotterdam. The Randstad is compact, homogeneous, and easily accessible.

Areas outside of the Randstad, including the provinces of Gelderland, Noord-Brabant and the northern provinces, have more land available for larger commercial operations. Other benefits include less congestion, and the availability of financial incentives at some locations.

Distances in the Netherlands are short: from Groningen, the most northerly major city, to Maastricht, at the southern tip, is 200 miles by road. The distance from Rotterdam to Enschede, located near the German border, is about 120 miles. Transportation is excellent by road, rail, and the numerous canals and rivers. Shipments to any point in the country can reach their destination with ease.

Historically, the Dutch are traders by nature. The Netherlands has a variety of experienced importers, sales agents, and distributors well versed in international trade. Importers who purchase for their own account and distribute throughout the country and Europe handle a large portion of the goods. Because of the size, accessibility, and competitive nature of the Dutch market, importers often insist on an exclusive distributorship. If the importer is a well-qualified and experienced firm, an exclusive distributorship often yields the best results. Wholesalers constitute an important segment of importers doing business in this manner. They are the primary source of supplies for the small- and medium-sized retail outlets, which often find it impractical to buy directly from manufacturers who usually require large orders.

Independent retailers form purchasing associations. These associations combine purchasing power and operate their own warehouses, thereby performing a function similar to the wholesaler.

There are many commission agents and brokers in the Netherlands serving the domestic and European markets. A Dutch representative can often provide an excellent starting point in exporting to Europe. Dutch firms can easily handle the logistics, linguistics, adaptations, and stocks on behalf of the American firm.

For products with a high sales volume and low profit margin, the Dutch prefer to deal direct with the manufacturer. Sales to a department store, chain store, or end-user often gives best sales results, but in turn, require greater promotional effort by the American exporter. Direct sales eliminate shipping and warehousing expenses, but the U.S. exporter and Dutch importer must handle the shipping formalities and work harder to ensure a successful business relationship.

Since the Netherlands represents a compact market, foreign firms customarily have one exclusive representative for the entire country, but it is common for the representative to appoint subagents to cover certain sectors of the market if sales volume and profit margin warrant this.

**Franchising**

There are few regulations concerning franchising and none that limit market access to U.S. firms. Franchising has gained wide acceptance and Dutch franchise formulas are one of the fastest growing retail phenomena. A number of American franchise companies have succeeded in the Netherlands, particularly in the fast food area. The European Union issued regulation EU 4087/88 regarding franchising, which provides a unified code for the 15 member states. Its main thrust concerns price fixing, transfer pricing, non-competition clauses, and exclusive dealing. It also exempts certain franchise agreements from EU antitrust regulations.

**Direct Marketing**

There are numerous well-established sales outlets in the Netherlands. These firms, both at the wholesale and retail level, have traditionally been small units with high overhead. The trend now is for a smaller number of units dealing with a greater volume, and with more competitive prices. Trends in the Netherlands generally mirror those in the U.S. and other European countries. Nevertheless, the Dutch distribution system is moving toward larger, more economically viable units to meet changing market needs. The increased tempo of commercial and industrial activity, as well as suburban development, is bringing about changes in the distribution system. Wholesalers supply a variety of services to associated small retailers, including sales promotion, advertising, and retail training. In some cases, they combine as a group to purchase from manufacturers and then distribute the goods to their customers.

Mail-order sales account for a very small part of total Dutch retail sales. Certain firms have used this technique successfully in combination with their usual retail outlet operation. Promotion is carried out by catalog or by newspaper advertisements with no personal contact. Hobby centers, do-it-yourself, auto supply centers, and discount stores also make use of mail-order.

Direct marketing in the Netherlands is characterized by the increasing use of infomercials on Dutch television. Infomercials, available on most commercial channels, are broadcast after midnight when airtime is cheap, although some shorter, direct-order advertisements are shown during prime time. Prospects for growth using this method of selling are positive. While Dutch state controlled television networks are currently prevented by law from setting aside the amount of time required for an infomercial, media laws will inevitably be adjusted to allow infomercials on state television. Suppliers of home entertainment products, fitness items, cosmetics, jewelry, and house wares can best benefit from this emerging retail sector.

**Joint Ventures/Licensing**

Joint venture and licensing agreements are commonly used in the Netherlands. The privatization of state-owned companies, including telecommunication and public transport systems, has further stimulated the potential for U.S. firms to enter into joint venture partnerships with Dutch companies.

**Steps to Establishing an Office**

The Netherlands offers extensive public and private sector support for companies looking to invest in the Netherlands and/or establish offices. U.S. & Foreign Commercial Service staff at the Embassy (www.usemb.nl) can provide appropriate contacts for interested companies.

The following are the most common forms of incorporation:

➢ Cooperation (Naamloze Vennootschap or NV):
The advantages of being a corporation (NV) in the Netherlands include the limited liability for shareholders, entering into contracts, ability to sue (and be sued), and transferability of shares.

➢ Private Company (Besloten Vennootschap met beperkte aansprakelijkheid or BV):
The private company or BV is the most common form of business organization in the Netherlands. This form of organization is similar to the NV, but has a more closed character as shown by differences in the legal provisions concerning shares and lack of regulations requiring disclosure of annual accounts.

The shares of a BV must be registered, but cannot be sold on the stock market or offered for public subscription. Usually, the BV bylaws are written to restrict the transfer of shares. For example, a shareholder may transfer shares only to a very limited category of relatives without the prior approval of the company oversight board established for that purpose without first offering the shares to other existing shareholders. The most important advantage of a BV is the lack of requirement to publish financial reports, as a NV must do. However, firms in the insurance or banking sectors that have issued bearer bonds or certificates and that have its shares or bonds listed on the stock exchange must file financial reports.

➢ General Partnership (Vennootschap Onder Firma)
In a general partnership, the individuals operate a business under a common name. The partners are the owners and managers of the firm and have unlimited liability. They are jointly and severally liable for any obligations of the firm. There are no requirements regarding capital or nationality of the partners who may be individuals or commercial entities. The other partners must approve transfer of an interest in the partnership. Upon retirement or leaving the partnership, the partner remains responsible for any liabilities incurred by the firm before retirement or departure. The law requires a written partnership agreement with the rights and duties of the partners clearly stated.

➢ Limited Partnership (Commanditaire Vennootschap):
A limited partnership is similar to a general partnership except it has two kinds of partners:

1. One or more general partners who are unconditionally liable for all the firm's activities
2. One or more limited partners who are not active in management of the firms and whose liability is limited to their capital contribution.

Unless previously a general partner, a limited partner's name may not appear in the firm's name. A limited partner who does not conform to these conditions will be considered a general partner with full liability.

➢ Limited Partnership with Shares (Commanditaire Vennootschap OP Aandelen):
This is similar to the limited partnership except that transferable shares represent the interests of the limited partners.

➢ Cooperative (Cooperatie):
The cooperative is a special type of entity formed to represent the collective interests of its membership, such as buying or selling, rather than primarily an establishment to make profits for investors. This type of association permits the free entry and exit of its members from the cooperative society. The organization's name must include the word cooperative (cooperatief) and must give a general indication of its purpose such as a consumer, dairy, or insurance cooperative. The cooperative name must also include the degree of liability its members are exposed to: WA, unlimited; BA, limited; or UA, no liability.

Several steps are required to form a NV:

1. Execution of the articles of incorporation before a notary by at least two of the company's founders

2. The submission of notarized articles to the Netherlands' Ministry of Justice for review for legal compliance;

3. Publication of the articles and the ministry declaration in the Official Gazette (Nederlandse Staatscourant);

4. Registration of the NV with the local chamber of commerce.

The articles of incorporation must be in Dutch and be executed before, and registered by, a notary. The name and location of the principal administrative office and purpose of the company must be provided. The amount of capital, number of shares owned by each of the founders must also be indicated. The first board of directors, if there is to be one, is included in the articles with later appointments to the board made at the general stockholders' meeting.

Included in the articles of incorporation must be information on any special agreements that will obligate the company being set up. Such expressed or tacit agreements may relate to acquisition of shares on a preferential basis or assuring the founder of a profit or payment. After the company has been established, management can enter into such agreements only if it has explicit authority in the articles of incorporation.

The name of the corporation must begin or end with Naamloze Vennootschap or its abbreviation NV, which is the more common practice. The firm's name should either be in Dutch, or if in another language, include some additional name such as Nederland, Holland, or the place of establishment of the company. Any business name previously in legal use by another company, or one that may cause confusion between two firms, may not be used.

The principal administrative office of a Dutch company or foreign subsidiary must be in the Netherlands if it is to have Dutch nationality. Transfer abroad of the principal administrative office deprives the company of Dutch nationality. Where the activities of the company are actually conducted is of no relevance in establishing nationality if the company's principal administrative office is in the Netherlands.

The NV, whether domestically or foreign-owned, may raise capital by public or private issue of shares in the Netherlands. The typical NV has three separate and distinct authorities: the stockholders, board of directors, and managing board. The commercial code and the articles of incorporation govern responsibilities among these three bodies. The stockholders, as owners of the firm, exercise authority at the general shareholders meeting. Each shareholder has voting rights proportional to the stocks held. The board of directors is charged by the general meeting of shareholders with supervision of the management of the firm. The managing board is entrusted with managing the affairs of the firm, administering to the business activity, care of the property and other assets, and representing the interests of the shareholders and the firm.

**Selling Factors/Techniques**

The European Union has created a Directive establishing the obligations and conditions of European agents and their foreign suppliers. The purpose of this legislation is to harmonize the laws and provisions of the member states governing the relations between commercial agents and their principals.

The Directive establishes terms and conditions regarding the respective rights and obligations of the principal and the commercial agent, remuneration of the agent, and the conclusion and termination of the agency contract. To date, implementation of the Directive has been slow, but U.S. firms entering into agency contracts in the European Union should be aware of the principles of the Directive.

On a micro level, the following generalizations can be made about the Dutch consumer:

- The Dutch are price sensitive but demand quality.
- They are not impulse buyers.
- Clever packaging plays a minor role in influencing shoppers.
- Advertising tends to be informative and not creative.

- The Dutch speak their minds and will not waste your time or their own if they are not interested in your product.

**Advertising and Trade Promotion**

A full range of advertising media is available in the Netherlands. Numerous radio and television stations serve the country. A cable television system is available in most areas with the majority of the population having cable service. The Netherlands is receptive to new technology and the Internet is no exception. Use of the medium is growing exponentially and is becoming an important medium for commerce.

There are numerous advertising agencies with a wide range of services. Larger agencies provide a full range of advertising services and are members of the Institute of Advertising Practitioners, which is closely associated with the American Association of Advertising Agencies.

Advertising agencies utilize every medium available to advertisers: Internet, direct mailing, press, radio, television, point-of-sale advertising, posters, and public transportation placards. Other promotional techniques, such as coupons, samples, premiums, and prizes, are also used.

The Government strictly enforces laws covering gaming and lotteries as well as restrictive trade practices. Firms advertising and selling goods should obtain local advice regarding provisions of the laws and consumer acceptance of the promotional or marketing approach.

Dutch firms engaged in market research provide the usual range of services, including store audits, consumer surveys, product field testing, and attitude and motivation research. In general, if the advertising technique works well for a particular product line in the U.S. and elsewhere in Europe, the Dutch market should also be receptive to the approach, but on a more reserved basis. Local opinion should be obtained before implementing a strategy that calls for a major commitment of the marketing budget.

The names of Dutch advertising agencies, market research organizations, and management and public relations counseling firms can be found in the following publications:

International Directory of Market Research Houses and Services
American Marketing Association
420 Lexington Avenue
New York, NY 10017
Phone: (212) 687 3280

The Directory of Marketing Research Agencies and Management Consultants in the U.S. and the World
P.O. Box 276
Fairfax, VA 22030
Phone: (703) 560 7484

The principal advertising media are the press, television, and radio.  Cinema is primarily a support medium with a strong reach among the 15 to 24 year old age group.

The following are major Dutch newspapers:

Algemeen Dagblad
P.O. Box 8751
3009 AT Rotterdam
Phone: (31) 10 406 7211
Fax: (31) 10 406 6975
National conservative daily
Circulation: 416,000

Het Financieele Dagblad
P.O. Box 216
1000 AE Amsterdam
Phone: (31) 20 592 8888
Fax: (31) 20 592 8800
National business daily
Circulation: 41,000

De Volkskrant
P.O. Box 1002
1000 BA Amsterdam
Phone: (31) 20 562 9222
Fax: (31) 20 562 6289
National labor-oriented daily
Circulation: 358,000

De Telegraaf
P.O. Box 376
1000 EB Amsterdam
Phone: (31) 20 585 9111
Fax: (31) 20 585 2113
Conservative, sensationalist national daily
Circulation: 750,000

NRC Handelsblad
P.O. Box 8751
3009 AT Rotterdam
Phone: (31) 10 406 7211
Fax: (21) 10 406 6975
Influential, independent national evening daily
Circulation: 268,000

Elsevier
P.O. Box 152
1000 AD Amsterdam
Phone: (31) 20 567 4911
Fax: (31) 20 567 4592
Weekly news and opinion

Circulation:  124,000

Management Team
P.O. Box 397
3900 AJ Veenendaal
Phone: (31) 318 549 710
Fax: (31) 318 549 720
Biweekly national management magazine
Circulation:  120,000

Local Trade Fairs: Exhibitions are a cost-effective method to enter a foreign market and meet a wide range of buyers interested in a particular industry sector.  Sales professionals find that trade fairs attract extensive buyer attendance and frequently can be used to gauge acceptance and pricing of new products and to observe the competition.

In the course of a few days, a new market entrant may be able to generate more qualified and motivated prospects than by using any other sales approach.  New products are frequently introduced at trade shows so that competitive products can be identified and evaluated as they emerge in the market place, thus providing important marketing information.  Fairs are particularly useful for introducing a new product to the market or for finding an agent, distributor, or representative.

**Pricing Product**

The Netherlands is an extremely competitive market with high receptivity to U.S. goods.  When pricing product for sale in the Netherlands, U.S. exporters should be aware of additional costs that can reduce profit margins below those available in the U.S.

A value-added tax or VAT of 19 percent is charged on the majority of goods sold in the Netherlands.  Imported goods are also subject to customs duty.  The costs of transportation, freight forwarding and customs brokerage charges will further diminish margins, as will commissions to agents and distributors.  Commissions are generally higher in the Netherlands than in the U.S., as are retailer profit margins.

As is the case in the U.S., pricing of product depends on a myriad of variables including channels of distribution, product, season, consumer receptivity, economic climate, etc.  The U.S. & Foreign Commercial Service can offer U.S. exporters advice on product pricing if required.

**Sales Service/Customer Support**

The Dutch purchase from international sources and expect well-designed, high-quality products, with efficient after-sales service.  An effective servicing system should be incorporated into distribution plans.

The U.S. exporter would be ill advised, after having appointed a representative firm, to provide only product literature and samples and then expect to have good sales results.  Regular communications and visits to the representative, particularly when newly appointed, by seasoned sales personnel or company technicians can reveal information on market developments and assist in the solution of any problems.  Regular submission of sales reports can be a vital link to analyzing sales results and identifying potential problems before a serious one occurs.

**Selling to the Government**

It is almost impossible for U.S. companies to sell to the Dutch Government without local representation. All public sector procurement tenders over the threshold amount of 5 million (ECU ($4.3 million) are published both in the EU Journal and the Dutch Government Gazette (Staatscourant).

Companies interested in identifying and bidding on government procurements under this amount will have to contact the individual Dutch ministries directly. A well-connected local representative is vital in this process.

**Protecting your Product from IPR Infringement**

The Netherlands has legislation for the protection of patents, trademarks, and industrial designs. It is a member of the Paris Union, which adheres to the International Convention for the Protection of Industrial Property. Detailed information and applications for patents, registration of trademarks, and for design protection should be obtained from:

Patents Council (Octrooiraad)
Patentlaan 3
2288 EE Rijswijk (ZH)

The Netherlands is a signatory to the European Patent Convention, which provides for a centralized European-wide patent protection system. The European Patents Act of 1977 provides increased legal protection, a patent court, and guidelines for compensation of an inventor.

The European Patent Convention has simplified the process for obtaining patent protection in the EU member states. Under the European Convention, an applicant for a patent is granted a pre-examined 15-year, nonrenewable European patent that has the effect of a national patent in all 16 countries that are signatories of the convention, based on a single application to the European Patent Office. This procedure should expedite the granting of patents. However, infringement proceedings remain within the jurisdiction of the national courts, which could result in some divergent interpretations. For information, write to

The European Patent Office
Motorama-Haus
Rosenheimer Strasse 30
Munich, Germany.

Both the Netherlands and the U.S. are signatories of the Universal Copyright Convention, which provides for mutual copyright protection. The Netherlands is also a member of the Bern Convention, which forms the International Union for the Protection of Literary and Artistic Works.

**Need for a Local Attorney**

While it is important to obtain specific legal advice on appointing an agent or distributor, some general guidelines follow.

All agent agreements should be in writing and state if it is an exclusive arrangement. Termination of the relationship is the single main area that most frequently causes problems for American exporters. Generally, the civil codes protect the interests of the representative. In the absence of termination provisions in a written agreement, the law provides for a minimum notice of termination of four months. Parties may agree to other terms, provided the notice of termination is not less than one month and up to six months, depending on the duration of the agency relationship. An agreement with a definite period terminates on the agreed expiration date. If the parties continue to operate under the agreement after that date, the agreement is usually deemed extended for a further identical period but not for more than a year. If the American principal wants to terminate the relationship, notice of termination should be given, even with definite term contracts.

The termination of an agreement without the required notice makes a principal liable for compensation. The agent could seek to claim the amount of the commissions that would have been earned during the termination period or for the amount of actual damages suffered. In exceptional cases, and only for just cause, such as competition or fraud, an agreement may be terminated without notice provided the other party is immediately advised of the reason. In such cases, the courts may be requested to terminate the contract.

At the expiration or termination of an agreement, by whatever means, an agent who has increased the value of the business is entitled in principle, to an adequate remuneration which cannot exceed the average of the commissions in one year. Such claims by agents are subject to an expiration term of one year.

A sales representative located in the Netherlands is in an ideal position to market a product throughout all of Europe. Frequently, American firms will also rely on the Dutch distributor to handle the details of customs clearance, product labeling, and packaging for European preferences regarding the product. These duties should be explicitly stated in a contract.

Before entering into any agreement with a partner, the American principal should first review the provisions of Dutch law with a qualified attorney. The legislation regarding unilateral termination of distribution agreements is designed to provide the local distributor with some degree of protection and monetary compensation when the grantor, for reasons other than cause terminates an agreement. The legislation will apply regardless of any clause in the agreement itself, and the parties may not deviate from the legislation as long as the distribution agreement is in force.

Three kinds of agreements are generally recognized:

1. Exclusive distributorships, where the distributor has the sole right to sell specified goods within a defined area.

2. Quasi-exclusive distributorships, where the distributor sells almost all the specified products within a defined area.

3. Informal distributor arrangements under which the grantor imposes heavy obligations on the distributor and which would cause damage to the distributorship if the grantor terminated the agreement.

In the absence of mutual agreement, or the failure to meet contract obligations, the grantor without reasonable notice or fair compensation cannot terminate a distribution agreement of indefinite term. In general, grantors should consider protecting themselves by entering into agreements for definite periods rather than an indefinite period. Also, specific minimum performance clauses should be considered, such as percent of distributor's sales, minimum annual sales, number of business contacts to be made, etc., and proposing that U.S. law and courts have jurisdiction.

**Performing Due Diligence/Checking bona fides of Banks/Agents/Customers**

The U.S. & Foreign Commercial Service provides publicly available information on Dutch banks and other commercial organizations. For more in-depth background checks, it is advisable to make use of the services of a reputable credit-reporting agency.



**Best Prospects for Non-Agricultural Goods and Services**

**Sector Rank:** **1**
**Sector Name:** **Telecommunications Services**
**ITA Industry Code:** **TES**

Narrative: The total Netherlands telecommunications market amounted to approximately USD $13.2 billion in 2000 (USD 1 = Dfl. 2.25). The total Dutch market is expected to grow by approximately 5 –7 percent in 2001 to more than 14 billion dollars. Approximately 75 percent, or almost USD$10 billion, of the total market consists of telecommunications services, while the remaining 25 percent is telecommunications products and equipment. The services segment is expanding at an estimated 7-10 percent in 2001. In the market for telecom services the business segment represents approximately 65 percent.

The Netherlands offers an open, liberalized telecom market, which is accessible and welcomes new investments, both foreign and domestic. The Dutch Government is committed to promote competition in the telecom market. In 2000, competition further increased, end-user prices went down, infrastructure investments and the telecom labor market grew and new services were introduced, e.g. ADSL (Asymmetrical Digital Subscriber Line). The Dutch government stimulates the use of new technologies, which strengthen the competitive position of the Netherlands in the new ICT-driven economy. One such initiative is the GigaPort project that was started by the Dutch Ministries of

Economics, Transport and Education. GigaPort offers a state-of-the-art testing platform and infrastructure for innovative and advanced new Internet applications. Among others, GigaPort offers GPRS in cooperation with Libertel and Ericsson.

The Dutch Telecommunications Act, the legal framework that the telecommunications market can develop, was adopted in November 1998.

Privatized since 1989, the market for telecommunications services is still dominated by the incumbent, telecommunications part of former Dutch state-owned Royal Dutch PTT (Post, Telegraph and Telephone), KPN Telecom. KPN is active in all fields of the telecommunications market. Even with KPN still a dominant factor, the Netherlands belongs to the more liberalized telecom countries in Europe and has pro-actively promoted competition in recent years. OPTA, the Dutch independent regulator, is closely watching and stimulating competitive developments. Following major investments in UMTS (Universal Mobile Telecommunications System) licenses and infrastructure, KPN recently announced it is looking to merge or partner with another telecom company. Belgian Belgacom has been named in this respect.

Fixed line voice telephony was completely liberalized on July 1, 1997. KPN still has only a limited number of competitors in this market, particularly in the consumer market and local calls segment. With number portability since 1999, carrier pre-selection and unbundling of the local loop in 2000, competition is increasing. A total of 80 four digit number codes were assigned to carrier select companies in 1998-'99. Furthermore, competing carriers in fixed line networks made major investments in 2000, particularly in view of the growing demand for broadband services. In the leased line services area, KPN is also still the dominant carrier.

Mobile phones are very popular and competition continued to grow in 2000. On January 1, 1999, there were 3.5 million Dutch mobile phone users and by January 1, 2001 there were 10.6 million users. There are five mobile telephone companies in the Netherlands, including KPN with (market share 48 percent), Libertel (Vodafone) since 1995 (market share almost 30 percent) and three newcomers with a total of about 23 percent market share: Telfort (BT) since September 1998, Dutchtone (France Telecom) and Ben since early 1999. Fixed line to mobile services is expected to become a rapidly growing segment in the Dutch market. During the summer of 2000, the Dutch government was among the first European countries to auction five new licenses for the use of IMT-2000/UMTS frequencies for third generation (3G) mobile telecommunication. The frequencies allow the mobile user high-speed data and video communications via phone. This development is expected to further boost the use of mobile phones. The UMTS licenses went to the five existing mobile operators.

The introduction of prepaid telephone cards has had a significant impact on sales of mobile phones and mobile telephone service. The GSM prepaid market has meanwhile overtaken the GSM subscription market. Once available, location-based services via mobile phone are expected to stimulate the development of further new services.

WAP (Wireless Application Protocol) services were first offered in the Netherlands at the end of 1999. The total number of WAP service users is estimated at about 500,000. As the number of WAP sites is increasing the number of users will grow. By 2004, 90 percent of mobile phones are expected to be WAP enabled. The use of SMS to send and receive short messages by phone is particularly popular among the younger generation. In 2000, some 300 million SMS messages were sent, up from 75 million in 1999.

In the last couple of years, many new operators have entered the market, primarily targeting the business market. These include Telfort, Versatel, MCI WorldCom, Global One and Esprit Telecom.

Cable (television) density is more than 90 percent in the Netherlands and there are some 90 cable companies. The ten largest firms service about 98 percent of the Dutch cable market. Several cable companies offer telephony services, these include UPC and United Telekabel. More cable operators are expected to start offering telephony services this year.

Data communication is rapidly expanding and expected to gradually overtake voice telephony in importance as a result of the current Internet and E-commerce developments. The number of ISDN lines in the Netherlands is considerable compared to other parts of Europe. In the business market, ISDN lines are mostly used to access the Internet, to communicate with subsidiaries and for tele-work.

Best prospects include: mobile and fixed line telephony services, switched data and leased line services, cable services, broadband services, mobile data services, e.g. WAP services and, generally, all types of Internet related communication services.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 8,585 | 9,870 | 10,860 |
| Sales by Local Firms | 6,440 | 7,405 | 8,145 |
| Exports by local Firms | 860 | 990 | 1,090 |
| Sales by Foreign-Imports Firms | 3,005 | 3,455 | 3,805 |
| Sales by U.S.-owned Firms | 1,285 | 1,480 | 1,680 |

Exchange Rate $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank:** **2**
**Sector Name:** **Computer Services**
**ITA Industry Code:** **CSV**

Narrative: the total Netherlands computer services market grew to about USD$3.5 billion in 2000 (USD 1 = Dfl. 2.25), representing a growth rate of 10 percent over 1999. The market is expected to further expand by ten percent in 2001 to about $3.85 billion. The services sector amounted to about 30 percent of the total Dutch $11 billion Information Technology (IT) market in 2000. The Netherlands services market reportedly constitutes about five percent of the total western European market for services.

Driving factors for further growth in the services area include the still relatively favorable Dutch economy, the introduction of new technologies and implementation of increasingly complex systems requiring the expert knowledge of specialists, lack of in-house capacity, focus on core business, as well as cost and efficiency considerations. The growth in the use of the Internet and E-commerce in particular is expected to increase demand for external services, e.g. in the areas of CRM (Customer Relationship Management) and procurement implementations. The introduction of an increasing number of applications and services by ASPs (Application Service Providers) will also have a positive impact on the IT services sector, as is the final phase of the introduction of the new monetary unit, Euro, in January 2002.

Use and popularity of the Internet are rapidly growing in the Netherlands. With some eight million Dutch Internet users, the connectivity rate is among the highest in Europe and still on the increase. More than 100 Internet Service Providers (ISP's) are active in the Dutch market.

In the growing Dutch economy, E-commerce is also rapidly becoming a major factor. Researchers say that the Netherlands lags 12 to 18 months behind the U.S. in the Internet and E-commerce markets. They also report that the Dutch E-commerce market amounted to about USD$315 million in 1998, grew to $1.1 dollars in 1999 and reached an estimated $2.45 billion in 2000. Most of the growth can be attributed to the B2B segment.

Demand for external services is strongest from financial organizations, telecommunications industry, central government, Dutch multinationals, the public utility and health care sectors. Competition in the market is increasing while mergers and takeovers continue to take place in this sector. A lasting problem is the difficulty that services firms are experiencing in finding sufficient qualified staff to service their clients.

U.S. computer services providers should benefit from the well-developed ICT infrastructure and liberalized telecommunications market in the Netherlands, which is open to foreign competition. The head start of U.S. exporters in Internet related services offers many opportunities for increased software and services sales to the Netherlands.

Over all, the Netherlands has a large number of services firms, varying in size from very small to very large, and ranging from hardware vendors to management consultants. About 30 percent of the market is in the hands of the top five, mostly Netherlands headquartered, service providers. They include: Atos-Origin, CMG, PinkRoccade, Getronics and Cap Gemini/Ernst&Young (formerly Volmac). Getronics' 1999 acquisition of Wang Global Services makes it one of the largest network and desktop services companies in Europe.

Dutch services firms, in general, are looking to expand their business outside of the Netherlands, particularly in to other parts of Europe. As Dutch-based services companies expand internationally, they generate a larger share of their revenues outside the Netherlands, primarily from other EU countries. With reported export sales varying widely, the majority of these sales were made by the larger computer services providers, including Getronics and Atos- Origin.

In addition to these large corporations, there are numerous small and medium-sized Dutch services providers that offer a unique service or a service targeted to a niche market. Although conditions have changed considerably in the last twelve months, several new start-up companies have successfully entered the market with services that are related to the Internet and E-commerce.

A number of U.S. firms are well established in the Dutch market, primarily with local subsidiaries and through acquisitions. These include IBM, EDS, Accenture and CSC. Most of these firms offer various services to multiple industry sectors. Recently, smaller U.S. firms have entered the market that service a niche market and/or concentrate on one or two industry sectors. U.S. services companies play a dominant role. Despite growing competition they are expected to increase their market share based on the quality of services delivered and the fact that they incorporate the latest technological advancements available in the United States.

Best prospects include desktop and network management, outsourcing, network consulting and integration, software maintenance and training and services in conjunction with the introduction of the Euro Monetary Unit.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 3,185 | 3,505 | 3,855 |
| Sales by Local Firms | 1,740 | 1,915 | 2,105 |
| Exports by Local Firms | 450 | 495 | 545 |
| Sales by Foreign-Imports Firms | 1,895 | 2,085 | 2,295 |
| Sales by U.S.-owned Firms | 1,105 | 1,215 | 1,335 |

Exchange Rate $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank: 3**
**Sector Name: Computer Software**
**ITA Industry Code: CSF**

Narrative: The Netherlands software market grew by about 15 percent to almost USD 2.6 billion (USD 1 = DFL. 2.25) in 2000. The total Netherlands market for Information Technology (IT), hardware, software and services expanded by about nine percent to a total of almost USD$11 billion that same year. Trade sources forecast growth percentages of about ten percent in 2001 for the software segment. The total Dutch software market reportedly consisted of about 30 percent tools, 40 percent applications software and 30 percent systems software.

The Netherlands counts a large number of software and services firms, ranging from very small, often serving niche markets, to very large firms. Among the larger Dutch software firms are Baan (now owned by British Invensys) for Enterprise Resource Planning (ERP) software products and Exact for E-Business and ERP/financial software. The Dutch Government stimulates and supports entrepreneurs in starting up new businesses and developing innovative high technology products. Under the “Twinning” program, these new companies receive assistance in the fields of housing, funding and advice.

Some 65-70 percent of software products available in the Netherlands reportedly are imported. The United States is by far the largest supplier, followed by European software producers in Germany, the United Kingdom and France.

The growing use of the Internet, more than eight million Dutch users in early 2001, and E-Commerce have a major positive impact on the software market for Internet products.

Also contributing to the growth in 2000, particularly in the standard applications software segment, was the introduction of the Euro.

The top 100 Dutch companies, particularly those that process large amount of data such as several multinational firms as well as banking and insurance firms, have traditionally been the largest investors in all types of computer and software products. The Dutch government has also been investing considerably in IT. The consumer sector in particular became a significant contributor to the growth of the hardware and software segments, replacing older models with new multi-media products. Growth in the consumer sector is expected to slow down some in 2001. Most growth is expected in the business sector, while the SME (Small and Medium-sized Enterprises) segment is emerging as a major user of hardware and software products.

In the business market Windows NT is the standard. Smaller companies use Linux on a small scale. Linux' market share is estimated at 5-10 percent with limited growth forecast during 2001. UNIX is the most commonly used operating system for servers in the Netherlands, although it is expected that further growth in the UNIX segment will primarily come from the more technical and CAD markets.

Dutch businesses, with a need to streamline business processes, increasingly invest in Enterprise Resource Planning (ERP) and Customer Relations Management (CRM) products. Sales for these products are reported to have grown to more than $295 million in 2000. Germany's SAP is the most popular supplier, followed by the Baan Company and Peoplesoft. With the ERP system as the central system, there is a trend to use software components from various suppliers for additional functionality, e.g. SCM (Supply Chain Management), PDM (Product Data Management), E-procurement and other applications. As major initial investments are required, data warehousing and data mart technologies are slow to penetrate and used primarily by the larger Dutch companies.

With the rapidly increasing implementation and use of networks, integration of networks, growing number of PCs and workstations, Internet access and E-commerce developments, security has become a major concern both in government and in business. Trade sources forecast that the market for all types of security products, including Internet firewalls, anti virus and authentication/ authorization products, Virtual Private Networks (VPNs), encryption, and Public Key Infrastructure (PKI), will continue to expand in the coming years.

Best prospects: All types of standard applications, Internet and Intra- and Extranet software, networking software and network security products, development tools, Windows NT and UNIX-based products, CRM, ERP, and SCM products, and game software for the consumer market.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 2,225 | 2,560 | 2,820 |
| Total Local Production | 1,115 | 1,285 | 1,415 |
| Total Exports | 445 | 510 | 560 |
| Total Imports | 1,555 | 1,785 | 1,965 |
| Imports from the U.S. | 935 | 1,070 | 1,175 |

Exchange Rate  $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank: 4**
**Sector name: Defense Equipment**
**ITA industry code: DFN**

Narrative: The 2001 defense budget amounts to 14.1 billion guilders (USD$5.9 billion). The Navy receives approximately 19 percent of this budget, the Army 31 percent, and the Air Force 19 percent, while the remaining 31 percent is shared between the Central Organization (centrally paid pensions and subsidies, multi-service projects and activities, and the Royal Marechaussee).

Despite its small geographical size, the Netherlands offers U.S. companies a wide variety of trade opportunities in the defense sector.  Best prospect areas include high-tech commodities with state-of-the-art capabilities, such as specialized surface vessels (design technology, systems technology and platform automation), radar and electro-optical sensors, simulators, data and telecommunications systems, composite materials, electronics and data processing.

U.S. companies aiming to diversify will also find commercial opportunities in dual-use sectors.  The Netherlands is home to many industries where there is a significant crossover of products and technology.  Dual-use sectors include: vessels and vessel accessories; instruments and electro-optical equipment; chemicals, oils and greases; communication and computer equipment; machine tools and workshop equipment; and medical equipment.

The acquisition and replacement of a large number of materiel is expected to drive up industry activity and government procurements over the next five years.  For specific details and a list of major defense projects, please request the Industry Subsector Analysis report entitled, “Defense Industry Equipment 2001” from the U.S. Commercial Service (see contact information in Chapter 11).

**Sector Rank: 5**
**Sector Name: Automotive Parts & Equipment**
**ITA Industry Code: APS**

Narrative: The Dutch automobile industry comprises about 200 companies employing more than 35,000 people. This sector is dominated by two large plants: one, a car plant owned in a joint venture of Volvo and Mitsubishi and a truck plant owned by the U.S. company PACCAR.
The rest of the companies active in the Dutch automobile industry are small to medium-sized.

The automobile market in the Netherlands has made a significant recovery in the first half of 2001.  The total number of registered automobiles amounts to about 7.9 million vehicles, a relatively high number, given that the total population of the Netherlands is 16 million.  Compared with the year 2000, sales of passenger cars have increased by some three percent from 6.3 million to 6.7 million. In addition, 965,000 used cars were sold with a total market value of $7.1 billion.

Only a very small percentage of these cars are manufactured in the U.S. Daimler-Chrysler, General Motors, and Ford, which assemble most of their cars in Europe, have respective market shares of 27.7, 14.5 and 11.5 percent of the Dutch market.

Increased complexity and the application of high-tech equipment are major trends for new passenger cars. This development demands more sophisticated garages resulting in greater investment in high-tech garage tools and equipment. Moreover, the Netherlands has growing environmental concerns creating a need for new, innovative and environment-friendly after-market products and technologies for cars.

A continuing trend is the growing Dutch interest in customizing their cars. Opportunities exist for U.S. manufacturers of high quality, price-competitive audio equipment and other interior / exterior accessories for European cars. The increased value of cars combined with higher theft rates is creating demand for a wide range of anti-theft products.

Products for waste oil, other waste disposal storage materials and special filter installations for auto paint spraying are growing markets in the Netherlands. In the short term, the market is seeing a dramatic increase in the use of computers, software, data storage on diskettes, in-car navigation, electronic maps (CD-ROM), infrared blind-spot detectors, radar enhanced cruise control, and heads up speed/distance displays, audio equipment alloy wheels, wooden trimmings and seat covers.

However, because of the strength of the dollar versus the guilder (currently $1 = 2.6 f), U.S. suppliers may lose some of their competitive advantage over European parts suppliers, who have managed to cut costs and improve quality of their products over the last two years.

Best Sales Prospects:

HS-903180390 - Sophisticated infrared testing equipment
HS-850710810 - Micro-electronic exhaust testers
HS-870831990 - Asbestos-free brake and friction materials
HS-903289900 - Radar enhanced cruise control
HS-852721990 - Alloy wheels
HS-870870500 - Wooden trimmings
HS-442010190 - Seat covers
HS-63049300 - Heads up speed/distance displays
HS-852721910 - Audio equipment is expected

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 3,958 | 4,132 | 4,245 |
| Total Local Production | 2,527 | 2,603 | 2,656 |
| Total Exports | 1,745 | 1,774 | 1,846 |
| Total Imports | 3,176 | 3,303 | 3,435 |
| Imports from the U.S. | 443 | 460 | 479 |

Exchange Rate $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank: 6**

**Sector Name:** **Electromedical Equipment**
**ITA Industry Code:** **MED**

Narrative: The following statistics underline the potential of the market for electromedical equipment in the Netherlands: Healthcare expenditures currently represent about eight percent of the Netherlands' GNP. Per capita annual spending on healthcare is about USD$2,000.

Annual sales of electromedical equipment in the Netherlands was estimated at $640 million in 1999. Around 100 companies generate this turnover. Eight percent of sales is accounted for by specialized Dutch manufacturers. Specialized technical trading companies that import and produce equipment generate another eight percent. The remaining 84 percent of sales is generated by imports. In terms of product breakdown, 47 percent of sales is attributable to equipment and installations (large and small-scale capital goods), 46 percent comes from instruments, reusable and disposable goods, while seven percent is generated by the provision of services.

In the area of diagnostics, advances in technology have accompanied a shift towards less expensive, more accessible diagnostics.

As the home market is relatively small in the Netherlands, more than 90 percent of total production is exported. Examples include equipment for diagnostic imaging, physiotherapy, radiotherapy, cardiovascular products such as pacemakers and angiography catheters and apparatus for extracorporeal blood treatment.

Dutch medical technology importers are highly specialized, both in terms of product knowledge and understanding of the Dutch healthcare system. Most promising subsectors include medical imaging equipment, implantable electronics, biosensors, medical lasers, radiodiagnostic devices, biosensors and biocompatible materials, and microsurgery products.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 640 | 690 | 660 |
| Total Local Production | 51 | 51 | 62 |
| Total Exports | 35 | 39 | 55 |
| Total Imports | 600 | 600 | 520 |
| Imports from the U.S. | *300 | *350 | 320 |

*includes re-exports

Exchange Rate $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank:** **7**
**Sector Name:** **Do-It-Yourself (DIY) Products**
**ITA Industry Code:** **BLD**

Narrative: The DIY market has shown a steady growth as a result of economic expansion, low inflation, high volume of home sales, increased leisure time and the introduction of easier-to-use DIY products. In addition, there is a good DIY market for repair and remodel work given the large number of old homes and the growing number of home-owners.  Media exposure of DIY applications and products and the trend of individualizing homes has contributed to the growth within the DIY sector.

The Dutch market is not easy to conquer for U.S. manufacturers.  The polarization between specialty stores on one end and DIY centers on the other are reshaping the market.  The best sales results can be achieved by selling through DIY centers, which held 62 percent of the total market share in 2000.  It may also be difficult to get a grip on the influence of fashion and culture on buying decisions in segments related to home improvement.  Acknowledging the differences between the U.S. and Europe and adapting products for the European market is of vital importance to the success of American product in Europe.

U.S. companies that offer innovative, handy, unusual and easy-to-use DIY products, preferably niche type products that are not on the market, may find excellent opportunities on the Dutch market.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 3,506 | 3,667 | 3,818 |
| Total Local Production | 1,025 | 1,054 | 1,107 |
| Total Exports | 6,39 | 664 | 697 |
| Total Imports | 3,120 | 3,277 | 3,408 |
| Imports from the U.S. | 204 | 216 | 227 |

Exchange rate: $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank: 8**
**Sector Name: Building and Construction Materials & Equipment**
**ITA Industry Code: BLD, CON**

Narrative: The building and construction industry in the Netherlands can be divided into four subsectors:

1. Residential buildings
2. Industrial buildings
3. Maintenance of buildings
4. Ground, water and road works

In 1999, the building and construction industry grew by an estimated 4.6 percent.  In 2000, the production of the building and construction industry grew 3.4 percent to a volume of USD$39.3 billion.  Growth expectations for the period 2001 through 2005 are at an average of 0.5 percent average growth per year.

All four building and construction industry subsectors contributed to the growth in the year 2000, see table below.  The greatest growth was in investments in new industrial buildings (5.9 percent), residential buildings (4 percent) and ground, water and road works (3.4 percent).  Growth in the renovation and maintenance sub-sector is moderate in the short-term, however, it has medium to long-term potential.

US Dollars Million

| | 1998 | 1999 | 2000 | 2005 (est.) |
|---|---|---|---|---|
| Residential buildings | | | | |
| - new | 8,540 | 8,472 | 8,815 | 8,178 |
| - renovation | 4,554 | 4,603 | 4,652 | 5,338 |
| Industrial buildings | | | | |
| - new | 5,667 | 6,244 | 6,611 | 6,489 |
| - renovation | 2,718 | 2,840 | 2,889 | 3,012 |
| - Maintenance | 6,679 | 6,856 | 7,027 | 7,688 |
| Ground, water and roadworks | | | | |
| - new | 5,313 | 5,705 | 5,901 | 6,097 |
| - renovation | 3,165 | 3,306 | 3,404 | 3,722 |
| Total | 36,336 | 38,026 | 39,299 | 40,524 |

In general, environment friendly building materials offer good prospects on the Dutch market. New and innovative building and construction techniques also have great potential on the Dutch market. Techniques that can lower building and construction costs, enhance durability and promote environment-friendly processes and products are considered best prospects.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 43,803 | 45,288 | 45,657 |
| Total Local Production | 38,026 | 39,299 | 39,495 |
| Total Exports | 763 | 794 | 818 |
| Total Imports | 6,540 | 6,783 | 6,980 |
| Imports from the U.S. | 191 | 209 | 213 |

Exchange rate $1 = Dfl. 2.25
The above statistics are unofficial estimates

**Sector Rank:** **9**
**Sector Name:** **Laboratory Instruments**
**ITA Industry Code:** **LAB**

Narrative: The Dutch Laboratory Instruments sector includes General Laboratory Apparatus and Requisites, Analytical Instruments, Laboratory Furniture, Optical Apparatus, Diagnostics and Biotechnology Apparatus. Analytical instruments, laboratory apparatus and diagnostics represent the biggest share of the Dutch market. Sales of biotechnology apparatus experienced major growth in the last few years. The market is divided as follows: instruments and apparatus accounts for over 55 percent of the total sales volume; laboratory disposables 33 percent; furniture six percent; and services accounts for the remaining six percent. In total 4,500 people are employed in the Dutch Laboratory Instruments sector.

Rebounding from weak demand earlier in the decade, the Dutch market for laboratory instruments has shown steady growth for the last two years. There are no signs that this will change in the near future. In 1998, sales rose by 9.6 percent over 1997 to USD$900 million. In the first half of 1999, total sales rose by 8.4 percent and the number of orders rose by 13.4 percent over the same period in 1998. Due to the fact that most orders are placed in the second half-year, large order growth for 1999 can be expected.

Currently, imports account for 63 percent of the total sales of laboratory equipment and supplies.  Domestic production accounts for the remaining 37 percent. Of this 37 percent, specialized manufacturers represent four percent of the turnover, while specialized trade firms with their own production facilities represent 33 percent. Exports of domestically produced goods account for 20 percent of total sales.

The market share of U.S. imports into the Netherlands amounted 21.6 percent in 1995. This percentage has stayed at virtually the same levels since and is expected to remain so in the coming years.  Most imports come from within the European Union.  In 1995 the total imports from within the EU totaled 53.7 percent.  This percentage rose to 55.8 percent in 1998.  Almost half of the Dutch firms (42 percent) concentrate their activities on the Dutch market. Exporting companies generated 31 percent of their sales from outside the Benelux region.

Over 90 percent of the laboratory instrumentation suppliers are members of the trade association, FHI Het Instrument. A large number (over 220) of small and medium sized suppliers characterizes the industry. Over 60 percent of the companies have less than ten employees.

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 954 | 972 | 989 |
| Total Local Production | 424 | 432 | 440 |
| Total Exports | 191 | 195 | 199 |
| Total Imports | 721 | 735 | 748 |
| Imports from the U.S. | 202 | 220 | 210 |

Exchange Rate  $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank: 10**
**Sector Name: Pleasure Boats and Accessories**
**ITA Industry Code: PLB**

Narrative: The Dutch boating and accessories market offers great opportunities for U.S. boating equipment manufacturers and suppliers interested in expanding their market in the Netherlands.  The abundance of waterways in the Netherlands has an important impact on the economy, particularly, because of the seagoing and inland barge traffic, as well as water sports. In the first half of 2001, the Dutch boating market has come out of a dip and is now making a significant recovery from a slow down in the past year.

The Dutch pleasure boating equipment sector also offers opportunities to U.S. firms wishing to expand to other European markets. In coming years, a significant water sports industry will emerge in Eastern Europe which will be largely supplied by Western European companies and, in particular, by Dutch suppliers which enjoy an excellent reputation in the European pleasure boat industry.

Presently, there is a surge in the number of pleasure boats sold in the Netherlands. This trend has resulted in a growing market for quality maintenance services and the latest equipment needed to increase comfort and safety on board.

Dutch inland waterways are numerous, however, most of these waterways are narrow and lakes are rather small in size. The Dutch have adjusted the size of their boats to this situation which means that the average Dutch pleasure boat is about 32 feet to 36 feet in length.

The total number of pleasure boats in the Netherlands is approximately 500,000. Sixty percent of those are motor boats. About half of the total number of boats are moored in about 1,250 marinas. The rest are moored along shorelines, although this is gradually being discouraged by local authorities. During the past five years, some 250 new marinas have been built. The average occupancy of the marinas in the Netherlands is about 90 percent. Expansion plans call for another 30,000 marina mooring places by the year 2010. About half of all marinas are commercially operated, 35 percent are run by associations, and the remaining 15 percent by local authorities and other groups. The average annual mooring fee ranges between $1,100 and $1,700 depending on the size of the vessel.

In the Netherlands, the boat rental sector is also growing in importance. Some 250 firms have a total fleet of about 3,400 motor and sailing vessels. Many rental companies are small and have no more than eight to 30 boats. Seventy-five percent of their customers come from Germany, five percent from other nations, and 20 percent from the Netherlands. The total annual sales in the boat rental sector are estimated at $30 million.

Best Sales Prospects: Surveys conducted during the Amsterdam Boot Show 2001 trade show have indicated a number of best sales prospects as shown below:

HS-8767890000 – Do-it-Your Self Kits (DYI)
HS-8512404000 - Navigation equipment
HS-8514 - Heating equipment
HS-8418610080 - Electrical equipment
HS-8418610080 - Pumps
HS-8407290059 - Engines
HS-731600000 - Anchors and propellers
HS-850134600 - Transmissions and generators
HS-830590000 - Furniture and interiors
HS-850151 – Gear Decks
HS-890590 - Safety and lifesaving equipment
HS-7610000090 - Drives, masts, and sails
HS-830590000 - Deck fittings

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 189 | 196 | 213 |
| Total Local Production | 56 | 57 | 62 |
| Total Exports | 78 | 81 | 87 |
| Total Imports | 211 | 220 | 238 |
| Imports from the U.S. | 26 | 30 | 33 |

Exchange Rate $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Ranking: 11**
**Sector Name: Wind Energy Equipment**
**ITA Industry Code: REQ**

Narrative: Wind power has been targeted to become a main source of renewable energy in the Netherlands. Currently, wind energy in the Netherlands has an annual production of 925,000,000 kWh which supplies 0.93 percent of total Dutch electricity needs. This amount meets the needs of 284,000 average Dutch households. The Dutch government has set itself the ambitious goal of increasing wind generated power capacity from the current 466 MW to 3,000 MW by the year 2020.

In the Netherlands, there is a firm basis for continuing growth in the use of wind energy. A wide range of modern and reliable wind turbines are available. The Netherlands is a very environmentally conscious nation; hence, there is a broad social support for the use of wind energy.

Agreements have been made with local authorities to reserve space for future construction of wind turbines. Investors such as energy companies, investment funds and individuals are prepared to put money into wind energy projects. Some difficulties may hinder the projected growth. The price/performance ratio of wind turbines must be improved to compete with fossil fuels. Moreover, since the Netherlands is a very densely populated country the availability of suitable sites for wind turbine parks is limited.

Best Sales Prospects: wind turbines

| **$ millions** | **1999** | **2000** | **2001 (est)** |
|---|---|---|---|
| Total Market Size | 126 | 130 | 135 |
| Total Local Production | 64 | 65 | 66 |
| Total Exports | 26 | 28 | 29 |
| Total Imports | 88 | 93 | 98 |
| Imports from the U.S. | 5 | 6 | 7 |

Exchange rate: $1.00 = Dfl. 2.25
Above statistics are unofficial estimates

**Sector Ranking: 12**
**Sector Name: Solar Energy Equipment**
**ITA Industry Code: REQ**

Narrative: Solar power has now been accepted in the Netherlands, which has resulted in a fast growth of solar applications in the last couple of years. Despite the fact that costs, compared with other energy sources, remain high, the Dutch government is optimistic about the viability of solar power. To realize the government’s ambitious goal that renewable energy should contribute ten percent of the total energy supply by the year 2020, tens of millions of dollars have been reserved for a large-scale introduction of solar energy in the Netherlands. The Dutch government expects, by the year 2020, about one million solar boilers will be in use and photovoltaic (PV) systems will generate about 1,500 megawatt of electricity.

In the new century, photovoltaic systems can be applied on a wide scale in the Dutch energy supply. The activities are aimed at improving the price/performance ratio and gaining experience in applying photovoltaic systems. In 1999, 3,100 kilowatt was installed reaching on January 1, 2000 a total capacity of 9.6 Megawatt/peak (MWp). The amount of solar electricity that could be generated by this capacity is about 6,000,000 kilowatt/hour, which equals the electricity consumption of almost 2,000 households. The total technical potential of photovoltaic solar energy amounts to at least 110,000 MWp in the Netherlands. This is more than the total Dutch need of electricity. To install this capacity, about 800 square kilometers of surface will be required which is, in fact, available as roof surface on houses and buildings.

The projected development of photovoltaic solar energy in the Netherlands is the following:

| | |
|---|---|
| Year 2000 | 12.5 MW |
| Year 2007 | 119 MW |
| Year 2020 | 1,450 MW |

In the solar thermal energy sector, the solar boiler is now playing a major role for domestic purposes. In this process, water is heated and used for tap water. Per year, a solar boiler saves about 200 cubic meters of natural gas.

A new development is a solar boiler integrated in a central heating installation. Next to this system, larger systems exist which are in use in public buildings such as swimming pools and institutions for the elderly. In the year 2020, when ten percent of all Dutch energy consumption has to be generated by renewable energy sources, solar thermal energy is projected to contribute a share of 4.2 percent. In 1999, the number of solar boilers installed in the Netherlands was 42,500. The amount of natural gas that was saved equals the total gas consumption of 4,500 households.

Development of solar boilers in the Netherlands

| Year | Sales |
|---|---|
| 1995 | 14,000 |
| 2000 | 80,000 |
| 2007 | 250,000 (proj.) |
| 2010 | 400,000 (proj.) |
| 2020 | 1,000,000 (proj.) |

Foreign suppliers of solar energy equipment have discovered the Dutch market as one of the fastest growing markets in Western Europe for solar energy equipment. In the renewable energy sector, U.S. manufacturers of solar energy equipment face significant competition from Dutch and other European suppliers. Through the establishment of partnerships with domestic firms, U.S. suppliers of solar energy equipment can effectively meet domestic competition and penetrate the Dutch market.

Best sales prospects:

Thermal solar energy systems, photovoltaic systems

| $ millions | 1999 | 2000 | 2001 (est) |
|---|---|---|---|
| Total Market Size | 97 | 114 | 121 |
| Total Local Production | 93 | 100 | 105 |
| Total Exports | 6 | 8 | 10 |
| Total Imports | 12 | 22 | 26 |
| Imports from the U.S. | 4 | 6 | 7 |

Exchange Rate $1 = Dfl. 2.25
The above statistics are unofficial estimates.

**Sector Rank:** **13**
**Sector Name:** **Biomass Energy Equipment**
**ITA Industry Code:** **REQ**

Narrative: In the Netherlands, the energy generated from biomass and waste provides electricity for 914,400 households, heat to more than 200,500 households and gas for approximately 32,400 households. In 1998, the total bio energy was made up from 64 percent waste incineration, 23 percent wood burning, five percent fermenting and five percent gas.

The Dutch government has projected that renewable energy will cover ten percent of the primary energy consumption which is 288 PJ per year by 2020. In the same year, the share of biomass energy is expected to be 120 PJ per year. At present, electricity generation by waste incineration plants has the biggest share of the market. However, this will slowly shift to burning biomass in coal fired electricity plants and between the years 2010 and 2020 the emphasis will be more on the application of advanced techniques such as gasification.

Gasification is a conversion technology that can produce a high electrical output. In the Netherlands, research institutes and private companies will establish jointly run pilot plants. For large-scale biomass gasification, gasifiers with a circulating fluidized bed will be required while for small-scale biomass gasification a fixed bed gasifier is under development in the Netherlands. Studies are also made into the development of fermentation technology and new conversion techniques like pyrolisis and liquefaction.

Best prospects include: gasifiers, pyrolisis and liquefaction equipment

| $ millions | 1999 | 2000 | 2001 (est) |
|---|---|---|---|
| Total Market Size | 747 | 775 | 790 |
| Total Local Production | 635 | 637 | 639 |
| Total Exports | 48 | 49 | 50 |
| Total Imports | 160 | 187 | 201 |
| Imports from the U.S. | 4 | 5 | 6 |

Exchange rate: $1.00 = Dfl. 2.25
The above statistics are unofficial estimates.

**Best Prospects for Agricultural Products**

Consumer-oriented Agricultural Products: The Dutch market for U.S. consumer oriented agricultural products has been increasing steadily over the past five years reaching a record high of USD$451 million in 1999. This is the highest export level since 1970. Products doing particularly well include processed fruits & vegetables such as citrus juice and wine. Additionally, the market for forest products has been strong.

**Citrus Juices**

The Netherlands is a major importer, processor and re-exporter of orange juice. In 1999 the exports of U.S. citrus juice to the Netherlands, both frozen and not frozen, remained at the 1998 level of $43.4 million.

In the past few years, the demand for high quality not-from-concentrate (NFC) orange juice has increased rapidly. The NFC orange juice from Florida is imported into the Netherlands but this product is mostly re-exported to other EU-countries, particularly the U.K., France and Italy. Although several large retail chains in the Netherlands have started to sell Florida NFC orange juice (Tropicana), the market share remains small. The retail price of one-liter pack NFC was $2.30 in 1999 which compares to $.90 for the orange juice from concentrate. Florida frozen concentrate orange juice (fcoj) is also doing well in the European market.

Dutch consumption of fruit juices and fruit drinks is calculated at 26,5 liters per capita. The Netherlands is the third largest consumer of this product in the EU. They trail Germany with 42 liters per capita and Austria with 34 liters per capita. In the Netherlands, a decreasing consumption of alcoholic drinks, a healthier life-style and lower prices have contributed to a steady increase in fruit juice consumption.

In contrast to other EU countries, the Dutch drink more fresh squeezed orange juice. The Dutch per capita consumption of oranges is 20 kilos (about 44 lbs.) of that, six to eight kilos are used to make orange juice. The share of orange juice in total fruit juice consumption in 1997 is 53 percent. U.S. orange juice exports to the Netherlands are valued at $32.0 million.

Anther popular juice export to the Netherlands is grapefruit juice. In 1999, grapefruit juice exports totaled $12.6 million. Imported U.S. grapefruit juice is often used to mix with other juices and as a base for fruit drinks.

Citrus Juices (frozen and not frozen) (in metric tons)

| | **1996** | **1997** | **1998** |
|---|---|---|---|
| Market size | 218,240 | 153,330 | 184,637 |
| Local production | - | - | - |
| Total exports | 249,200 | 290,125 | 261,271 |
| Total imports | 467,440 | 443,455 | 445,908 |
| Imports from U.S. | 40,779 | 31,097 | 36,500 |

Source: Central Bureau of Statistics

**Wine**

Consumption of wine continues to grow in the Netherlands with per capita consumption reaching 18.4 liters (4.78 gallons) in 1998, up from 17.5 liters in 1997. The average retail price for a bottle of wine has stayed at $3.90 since 1997.

Increasingly, the Dutch wine drinker is showing an interest in "New World" wines and the U.S. wine industry is taking advantage of it.  California wines are well represented in the Netherlands in the medium price, medium quality segment of the market.  It is this segment of the market that has the largest growth potential.  The high quality, value-for-money image that U.S. wines have in this market caused U.S. wine exports to the Netherlands to double from $33.4 million in 1998 to $63.9 million in 1999.

Dutch imports of U.S. wines reached 104,330 hectoliters in 1998, an increase of 81.5 percent compared to the preceding year.  If U.S. wines imported via Belgium, France and other European countries are included, actual U.S. wine imports are closer to 120,000 hectoliters.  The increase is attributable to rising sales of U.S. wines in Dutch supermarkets and the growing importance of the Netherlands as a distribution center in Western Europe for U.S. wines.

Dutch imports of U.S. wines are expected to continue grow.  Dutch consumers, particularly young consumers, are becoming more interested in wine.  The largest U.S. winery opened its European distribution center in the Netherlands in 1999.  This gave Dutch wine imports from the United States a further boost.  About 40 to 50 Dutch importers represent over 100 U.S. wineries in the Netherlands.

Wine (in hectoliters)

| | **1996** | **1997** | **1998** |
|---|---|---|---|
| Market size | 2,650,500 | 2,724,750 | 2,879,600 |
| Local production | - | - | - |
| Total exports | 416,857 | 673,920 | 566,340 |
| Total imports | 2,233,643 | 3,398,670 | 3,445,940 |
| Imports from U.S. | 23,927 | 59,430 | 104,330 |

Source: Central Bureau of Statistics

**Forest products**

The Netherlands is one of the least wooded areas in Europe.  The Netherlands imports more than 90 percent of its forest product needs.  The 1998 total value of Dutch forest product imports amounted to $1.1 billion, an increase of seven percent over the preceding year.

The U.S. is a major exporter of oak, other tempered hardwoods, and softwood plywood to the Netherlands.  The Dutch market for U.S. softwoods remains small, as the Netherlands still is a traditional user of spruce rather than U.S. southern yellow pine.  The value of U.S. forest product exports to the Netherlands was $58.8 million in 1998, down from $68.5 million in 1997.  The decline is mostly due to a sharp decrease in U.S. exports of softwood plywood as well as increased competition Eastern European countries for oak.  Higher U.S. softwood plywood prices, attributable to a booming domestic demand, contributed to the decline in exports.  Finished produced softwood plywood and European produced OSB and MDF also compete with U.S. softwood plywood, a trend likely to continue.

The most important market segments for U.S. forest products in the Netherlands is the furniture industry (oak) and the construction / packaging industry (softwood plywood). In the first half of 1999, sales for the Dutch furniture industry increased 9.2 percent compared to the same period in 1998. Growth in both domestic and export markets supported the increase in sales.

The Dutch construction industry is also doing well. The value of production increased by two percent in 1998 and an increase of three percent is expected for 2000. This growth is driven by the favorable Dutch economy. Dutch exports, and therefore the packaging industry, are still soaring, which supports imports of softwood plywood in the Netherlands. New and innovative pallet construction practices in the Netherlands might help exports of U.S. plywood as well.

Temperate hardwood lumber (in 1,000 cubic meters)

| | **1996** | **1997** | **1998** |
|---|---|---|---|
| Market size | 348 | 311 | 326 |
| Local production | 180 | 138 | 140 |
| Total exports | 43 | 41 | 40 |
| Total imports | 211 | 214 | 226 |
| Imports from U.S. | 41 | 36 | 35 |

Source: Central Bureau of Statistics

Softwood plywood (in 1,000 cubic meters)

| | **1996** | **1997** | **1998** |
|---|---|---|---|
| Market size | 233 | 262 | 229 |
| Local production | - | - | - |
| Total exports | 14 | 17 | 18 |
| Total imports | 247 | 279 | 247 |
| Imports from U.S. | 129 | 120 | 91 |

Source: Central Bureau of Statistics

**Seafood**

Total fish consumption continues to trend upward in the Netherlands, particularly salmon consumption. Per capita seafood consumption reached 36.3 pounds (estimated) in 1999, up from 35.9 pounds in 1998. Due to promotional campaigns carried out by the Dutch Seafood Product Board, seafood consumption is expected to continue it's slight upward trend in the future. They try to create a positive consumer image of seafood as a healthy low-fat product. Additionally, the negative publicity surrounding meat, as a result of BSE, swine fever and dioxine, has benefited the seafood industry.

Over the next five years, sales through supermarkets are expected to expand even more, particularly sales of fresh/frozen and convenience items. Products with potential that can be supplied by the United States include fresh/frozen squid, prawns, shrimp and crab. Examples of convenience items in demand include frozen fish soup, snack/finger foods, fish pate and marinated seafood.

Packaging is an important feature for consumers. With seafood in specifically, consumers want a clean, dry package. As Dutch consumers seek easier and quicker food preparation techniques, easy-to-prepare seafood products are also in demand.

Seafood (in Metric Tons)

| | 1997 | 1998 | 1999* |
|---|---|---|---|
| Market size | 198,750 | 205,000 | 207,000 |
| Local production | 403,750 | 405,000 | 407,000 |
| Total exports | 585,000 | 595,000 | 600,000 |
| Total imports | 380,000 | 385,000 | 390,000 |
| Imports from U.S. | 42,000 | 43,000 | 44,000 |

Source: Central Bureau of Statistic/*unofficial estimates

**Organic Foods**

Organic food, which currently accounts for an estimated 1-2 percent of total food sales in the Netherlands, is expected to account for between five and ten percent of total food sales by the year 2010. Sales are forecast to increase because of growing health and environmental awareness on the part of consumers and increased sales through supermarkets.

Traditionally, health food stores accounted for an estimated 75 percent of total organic sales, followed by supermarkets at 20 percent, and other outlets at five percent. However, supermarkets are expected to account for a larger percentage of total organic food sales in the future. Albert Heijn, the largest supermarket chain in the Netherlands, has significantly expanded its line of organic foods. Albert Heijn announced it's own private-label brand for organic products in February 1998 called AH Biologisch. Starting with just 30 organic private label products, Albert Heijn now offers over 150 different organic products including bread, eggs, organic juice, wine, coffee, vinegar, jam, cookies and poultry meat. According to a spokesperson for Albert Heijn, organic food is expected to eventually account for as much as 14 percent of total private-label sales.

Fresh products, such as dairy and produce, account for roughly 40 percent of total organic food sales in the Netherlands. The price premium on these products varies but is estimated between 15 and 30 percent. The premium on processed organic foods is considerably higher, ranging from an estimated 20-100 percent, depending on the item.

Although organic export statistics are not available, Dutch imports of U.S. organic foods are growing. Many U.S. organic products are imported in bulk and packed in the Netherlands, while others are imported for use as ingredients in the Dutch food processing industry. Examples include wheat, pulses (lentils, navy beans, azuki beans and mung beans), glutenous and basmati rice, wild rice, soybeans, amaranth, buckwheat, millet, tomato concentrate, dried fruits (raisins, prunes, apples), popcorn, almonds, sunflower seeds, alfalfa seeds, flax seed, animal feed and maple syrup. Although limited, U.S. brands of organic and natural foods can be found on Dutch retail food shelves including dehydrated soups, tortilla chips, rice milk and salad dressings.

Distribution systems for the health food sector and the supermarket sector tend to be different in the Netherlands. A product is typically sold through supermarkets or health food stores, but not both. The larger Dutch supermarket chains that have introduced their own private label brand for organic products tend not to carry branded organic products. Instead, branded organic products are generally sold through health food stores and, to a lesser extent, through the smaller, regional supermarket chains.

Organic certification is an important issue for any U.S. company targeting the European organic market. In the European Union, the production, sale and labeling of organic foods (from plant origin) are governed by EU regulation 2092/91. This regulation requires imported organic products to be produced, processed and labeled under conditions equivalent to those in the EU. This means that any organic food product imported from the United States must meet EU production, processing and labeling standards.

Total sales of organic products in the Netherlands

| | |
|---|---|
| 1997 | Dfl. 375 million |
| 1998 | Dfl. 440 million |
| 1999 | Dfl. 515 million |



## Trade Barriers, Including Tariff and Non-Tariff Barriers

### Tariffs

The Netherlands applies the EU tariffs (customs duties), which are based on the international Harmonized System (HS) of product classification. Duty rates on manufactured goods from the U.S. generally range from five to eight percent and are usually based on the C.I.F. value of the goods at the port of entry. The C.I.F. value is the price of the goods (usually the sales price) plus packing costs, insurance, and freight charges to the port of entry. Most raw materials enter duty free or at low rates while agricultural products face higher rates and special levies. For information on EU duty rates levied on agricultural products, contact the U.S. Department of Agriculture, Phone: (202) 720 1322. For information on EU duty rates of manufactured and industrial products, contact the U.S. Department of Commerce, International Trade Administration's Office of European Union Affairs, Phone: (202) 482 5276.

### Non-Tariff Barriers

American firms register relatively few trade complaints against Dutch firms. The Dutch tendency to support a level playing field in trade matters and their depth of experience in trade positions them as the genuine "neutral" traders of Europe.

American companies locating in the Netherlands, however, will come up against a complex business culture, in which companies, trade unions, government bodies and industry associations engage in constant and close consultations. This stems, in part, from the traditional Dutch emphasis on achieving consensus and avoiding conflict in this small and densely populated country.

There is also a trend, particularly in larger government procurements, to "buy European" if not Dutch. The Dutch consider themselves to be good Europeans and, from a practical point of view, they see political advantages in buying European, especially when all else is relatively equal in a bid competition. In this regard, local representation is essential for American companies hoping to win major government contracts. A joint venture with a Dutch or European partner will improve the U.S. company's competitive position. Companies looking to compete on Dutch Government procurements should contact the U.S. & Foreign Commercial Service at the Embassy early on in the process for guidance, particularly if there are political or "level playing field" issues which might arise.

Offsets for defense contracts: All foreign contractors must provide at least 100 percent offset/compensation for defense procurement over $2.5 million. The seller must arrange for the purchase of Dutch goods or permit the Netherlands to domestically produce components or subsystems of the system it is buying.

Parallel Imports: A change in Benelux trademark law, effective January 1, 1996, bans parallel imports into the three Benelux countries (Belgium, Netherlands, and Luxembourg). Branded products may no longer be imported into the Benelux without the permission of the manufacturer. The law is being challenged in the courts.

Technical standardization within the EU may amount to a non-tariff trade barrier in certain circumstances, specifically, when new standards benefit EU suppliers to the detriment of non-EU suppliers. On the other hand, Mutual Recognition Agreements (MRA'S) recently negotiated between the U.S. and the EU could save U.S. manufacturers up to ten percent of the cost of delivering U.S. exports to Europe. The MRA's cover trade in telecommunications equipment, information technology products, medical devices, pharmaceuticals and sporting goods, and should come into operation in 1998. In the long term, standardization increases access to EU markets.

**Customs Regulations**

The importer may examine merchandise before customs clearance for the purpose of making an inventory. Goods cannot clear customs without shipping documents and payment of any customs duty, applicable value added taxes, and any excise taxes. The importer must undertake these formalities at the time of clearing customs. The importer, if required, should present import licenses within the period for which they were issued.

**Import/Export Documentation Requirements**

Shipments to the Netherlands require one copy each of the bill of lading (or air waybill) and the commercial invoice for customs clearance. There are no consular requirements, but certificates of origin may be required as set out below.

U.S. Customs also requires two copies of the U.S. Shipper's Export Declaration (U.S. Department of Commerce Form 7525V) for goods valued at $1,500 or more. A declaration form must be completed for all shipments by regular mail or parcel post valued at $500 or more. The form must include the harmonized commodity number of the exported product as well as the weight stated in metric units. When sending goods through the mail, the exporter should inquire at the post office as to the proper documentation needed for mail shipments. For additional information or assistance on export documentation, readers should contact a local Department of Commerce Service Export Assistance Center.

Although no special format is prescribed for the commercial invoice, it is advisable to include the following: date and place of shipment; name (firm's name) and address of the seller and buyer; method of shipment; number, markings of the packages, and their numerical order; description of the goods using the usual commercial description according to kind, quality, grade, and the weight (gross and net, in metric units), along with any factors increasing or decreasing the value; agreed price of goods; unit cost; total cost f.o.b. factory plus shipping; insurance charges; delivery and payment terms; and the signature of a responsible official of the shipper's firm.  Bills of lading should bear the name of the party to be notified.  The consignee needs the original bill of lading to take possession of the goods.

Certificates of origin are required for a small number of goods such as textile products. The need for a certificate of origin should be ascertained directly from the importer or from the appropriate customs authority.  Letter-of-credit terms may stipulate that a certificate of origin be provided.  Customs authorities accept certificates of origin issued by authorized local U.S. chambers of commerce or boards of trade.

Transit: Goods may clear customs with an EU transit procedure that provides for the issuance of a single transit document under which the goods may be easily shipped across frontiers of the EU member states.  The importer completes these transit documents for a freight forwarder engaged for the purpose.  The transit document provides the basis for a single, comprehensive procedure covering the goods within the Union.  Since this is an EU Procedure, the European importer, customs house broker, freight forwarder, or shipper must prepare these documents at point of entry.

**Tariff Rates**

The Netherlands uses the Harmonized System, which is a system designed to classify goods in international trade for customs purposes and for developing trade statistics.  It is arranged into 99 chapters.  The sections are established according to categories such as agriculture, chemicals, chief material of the product, or type of manufacturing industry.  The sections and chapters start with agricultural and primary products in the initial chapters, followed by products that are more processed and technically more complex.

The HS classification number consists of a minimum of six digits, which are common to all countries using the Harmonized System.  Additional digits can be used to meet each nation's individual statistical requirements and give greater detail as needed.

If a HS number of the product being shipped is requested by the Dutch importer, this information may be obtained from your closest U.S. Department of Commerce Export Assistance Center or from the Office of European Union Affairs, Phone: (202) 482 5276, or, from the following website: www.census.gov/foreign-trade/  The HS number is required by the Dutch importer to determine the duties levied at the time of importation.

Prior to signing a long-term contract or sending a shipment of considerable value, it may be prudent for a U.S. exporter to first obtain an official ruling on the customs classification, duty rate, and taxes.  Such requests should be sent to: Ministry of Finance, Director of Customs, P.O. Box 20201, 2500 EE The Hague.

The request should describe the product, the material it is made from, and other details needed by customs authorities to classify the product correctly.  While customs will not provide a binding decision, the advance ruling usually will be accepted if the goods are found to correspond exactly with the description provided.

**Import Taxes**

Value-added tax, most frequently called by its acronym VAT, is charged on the sale of goods and services within the country. Unlike the customs duty, which is the same for all EU member countries, the VAT is established by the tax authorities of each country and differs from country to country.  At each stage of the manufacturing and distribution chain, the seller adds the appropriate amount of VAT (tax on the amount of value that the seller added to the product, plus the amount of VAT passed on to the seller by the supplier) to the sales price.  The tax is always quoted separately on the invoice.  The firm periodically subtracts the VAT paid on its purchases of goods and services from the VAT collected on sales and remits the balance to the Government.  This process repeats itself at each stage until the product is sold to the final consumer, who bears the full burden of the tax.  Below is a summary of the Dutch VAT rates.

- Exempted rate applies to exports.

- Six percent rate applies to necessities of life such as food, medicines, and transportation.

- 19 percent rate is the general or standard rate and applies to most goods.

For imports into the Netherlands, the VAT is levied at the same rate as for domestic products or transactions.  The base on which the VAT is charged on imports is the C.I.F. value at the port of entry, plus any duty, excise taxes, levies, or other charges (excluding the VAT) collected by customs at the time of importation.  This total represents the transaction value of the import when it clears customs.

The importer is liable for payment of customs duties, VAT, and any other charges at the time of clearing the goods through customs.  Exports from the Netherlands are exempt from VAT since they are not consumed in the country, but will be subject to any tax imposed in the country of destination.  Temporary imports that will be re-exported are not subject to the VAT.  The importer may have to post a temporary bond for the amount of customs duty and taxes as security that will be canceled when the goods are taken out of the country.

The EU is seeking to harmonize the range of VAT rates among the 15 EU member nations.  The EU Council has adopted guidelines for converging the VAT rates over an extended transitional period, such as seeking to establish a minimum VAT rate for most products, lifting border tax controls, and defining which products will be allowed an exempted or zero VAT rate.  Each country will still retain the collection and enforcement authority that currently exists.

Excise taxes are levied on a small number of products such as soft drinks, wine, beer, spirits, tobacco, sugar, and petroleum products. For imports, the excise tax is paid by the importer and is in addition to any customs duty or VAT. The EU is to harmonizing excise taxes.

**Import License Requirements**

Only a small number of goods of U.S. origin require import licenses, mostly agricultural and food items. Other items subject to import licensing requirements include coal and lignite fuel, some specified base metal products, various apparel and textile products, and controlled items such as arms and munitions. Licenses are generally rapidly granted for goods of U.S. origin.

Licenses are not transferable. They may be used to cover several shipments within the total quantity authorized. In general, the Harmonized System classification number and the corresponding wording of the tariff position indicate the goods covered by the license.

**Temporary Goods Entry Requirements**

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates customs clearance for temporary imports of samples or equipment into foreign countries. With the carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also saves time since formalities are all arranged before leaving the U.S.

A carnet is valid for one year from the date of issuance. The cost ranges from $120 to $250. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is also required. This will be forfeited in the event the products are not re-exported in a timely manner, goods are lost, stolen, destroyed, or carnet certificates are not properly validated.

Carnets are sold in the U.S. by the U.S. Council for International Business at the following address: 1212 Avenue of the Americas, New York, NY 10036, Toll-free: 8667unlock, Fax: 212-9440012, E-mail: atacarnet@uscib.org, website: www.uscib.org.

The Netherlands participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

**Special Import/Export Requirements and Certifications**

Imports of certain commodities, including numerous foodstuffs, are subject to special regulations regarding the manner in which they must be labeled to show manufacturer, composition, content (in metric units), and country of origin. In view of the complexity of these regulations and changing requirements, information should be requested from the importer prior to shipment. When the services of an importer are not available, information can be obtained directly from the appropriate Dutch authority listed at the end of this publication. For agricultural and food products, U.S. exporters should contact the U.S. Department of Agriculture for marketing and labeling information and exporting assistance, Phone: (202) 720 9408.

**Labeling Requirements**

With only minor exceptions, there are no general requirements for marking imported goods with the country of origin. Requirements for specific products should be obtained from the importer. The import, export, or transits of non-Dutch goods having markings that imply that the goods are of Dutch manufacture or origin is prohibited.

There are no regulations for the marking of shipping packages. Good shipping practice dictates that packages should bear the consignee's mark and be numbered unless the shipment is such that the content of the packages can be readily identified without numbers.

Hallmarking of gold and silver articles is required before they can be offered for sale. Only small tolerances are allowable for manufacturing errors. The hallmarking may be done by a Netherlands hallmarking office after importation.

As a member of the EU, the Netherlands applies the product standards and certification approval process developed by the Community. The Netherlands is required by the 1958 Treaty of Rome to incorporate in its national laws the EU directives. With the development of a single product standard, U.S. exporters may find that it is easier to comply with one EU-wide standard rather than having to meet several individual national standards when exporting to Europe.

**Prohibited Imports**

Certain imports into the Netherlands and the EU are prohibited or require an import license. These products fall under the categories of strategic goods or environmentally unfriendly items. U.S. firms exporting to the Netherlands or the rest of the EU can call a customs information hotline for a ruling. From the U.S., Phone: (31) 45 574 2700.

**Export Controls**

For the purpose of national security, foreign policy, or short supply considerations, the U.S. controls the export of goods and technology with export licenses. The vast majority of U.S. exports do not require a license and are categorized as NLR99 (no license required) with no formal application requirement.

For assistance in determining if a license is needed and to initiate the processing of an application, contact your local U.S. Department of Commerce Export Assistance Center or the Bureau of Export Administration, Office of Export Assistance, Room H-1099D, U.S. Department of Commerce, Washington, DC 20230, Phone: (202) 482 4811.

**Standards**

U.S. firms exporting to Europe are still confronted with both national and EU product standards.  These regulations occasionally change to meet new technology and more stringent demands.

Key product areas are being regulated at the Union level for conformance to mandatory requirements to protect the health and safety of consumers, as well as the environment. To indicate this conformance to the mandatory requirements, the manufacturer or a representative must place a CE mark on all regulated products before they can be sold on the EU market.  The applicable product testing and certification requirements for individual product categories are specified in the various EU directives.  The CE mark relates only to the mandatory health, safety, and environmental requirements established by the EU; it does not indicate conformity to European product standards. Thus, national marks of conformity with product standards remain compatible with the CE mark and both may be applied to the product.  The CE mark replaces all national safety marks for the regulated products.

The EU Commission has released The Global Approach to Certification and Testing, a document that recommends harmonized testing and certification procedures within the Union.  These proposals include establishing a "modular" system for demonstrating product compliance.  Under this system, methods of demonstrating product conformity range from having the manufacturer self-certify the product, to having a private testing company type-approve the product and provide market surveillance, depending on the probability and type of product risk.  As standards and certification requirements are important in international trade, it is expected that more U.S. testing laboratories will be able to certify that products comply with EU requirements.

Exporters can stay fully informed on the latest EU technical standards activities by contacting the National Institute of Standards and Technology (NIST).  A part of the U.S. Department of Commerce, NIST offers industry an in-depth reference system on EU standards information gathered from the two European standards bodies tasked to write the EU 1992 norms - the European Committee for Standards (CEN), and the European Committee for Electrotechnical Standardization (CENELEC).

NIST also can provide updated information from the EU, which will elaborate on directives and provide assistance in identifying EU and member state standards and regulations.  For more information, contact NIST, Phone: (301) 975 4038.  To obtain copies of directives, amendments, and published updates, or to obtain a complete list of directives that could affect product sales to the Netherlands or another EU country, call the ITA Office of European Union Affairs, Phone: (202) 482 5276.  Copies are available at a nominal fee.

Other valuable sources of information with regard to foreign standards include the American National Standards Institute, 1430 Broadway, New York, NY 10018, Phone: (212) 354 3300, the Department of Commerce's National Technical Information Service, Springfield, VA 22161, Phone: (703) 557 4733, as well as various trade associations that follow international activities for their members.

**Free Trade Zones/Warehouses**

There are no free trade zones or free ports in the Netherlands in the sense of territorial enclaves where commodities can be processed or reprocessed tax-free (see the paragraph headed "Foreign Trade Zones/ Free Ports" in Chapter 7 of this report). However, in a very real sense, the entire country is a free trade zone. American firms find that the numerous private and commercial warehouses located throughout the nation perform much the same function and with low costs. Bonded warehouse facilities of any size can be arranged with ease. Shippers can then maintain inventory without the payment of customs and value-added tax until the goods are needed for use and are then imported. Products also may be transshipped to other countries without technically entering the Dutch customs area. With an international distribution and warehouse center serving Western Europe, products can arrive at the customer's site quicker and with less complaints.

The advantage of the free trade zone to American firms is having a European base of supply to assure customers prompt delivery and service, and being able to maintain inventory at a low cost.

Adequate warehousing facilities are available in all major Dutch cities. In addition to the port areas, Dutch facilities in the east, such as Maastricht, Tilburg, Eindhoven, Nijmegen, and Enschede, provide storage facilities and distribution services.

The Holland International Distribution Council is a organization composed of established Dutch transportation and warehousing firms that can help U.S. firms resolve transportation problems, locate facilities, and provide technical assistance on distribution networks. The council is composed of firms involved in international shipping that support promoting the Netherlands as a distribution center and gateway to Europe. For more details contact: Holland International Distribution Council (HIDC), P.O. Box 85599, 2508 CG The Hague, the Netherlands, Phone: (31) 70 311 8800; Fax: (31) 70 360 3698, E-mail: mail@hidc.nl, website: www.hidc.nl

**Membership in Free Trade Arrangements**

The Netherlands has been a member of the European Union (EU) since its inception in 1958. The other EU members are Belgium, Denmark, France, Germany, Greece, Italy, Ireland, Luxembourg, Portugal, Spain, and the United Kingdom. Sweden, Finland, and Austria joined in January 1995. Norway voted against joining the Union.
The EU forms a customs union allowing free trade among the member states, but levies a common tariff on imports coming from non-EU countries such as the U.S., Japan, and Canada. The EU also has a common agricultural policy, joint transportation policy, and free movement of goods and capital within the member states.

Under agreements reached between the EU and the members of the European Free Trade Association (EFTA) - duty-free trade for industrial products has been achieved among all 18 countries. Taxes, such as the value-added tax (VAT) and excise taxes, are levied in the country of final destination. Currently, VAT rates differ among the various countries. See the "Value Added Tax" section for the Dutch rates.

In addition to the EFTA countries, the Netherlands and the other EU nations extend preferential tariff treatment to certain other countries and territories in Central and Eastern Europe and the Mediterranean with historical ties to the EU, and to less developed countries in Africa, the Caribbean, and the Pacific region. The granting of reduced tariffs to developing countries is under the Generalized System of Preferences (GSP).

**Customs Contact Information**
Netherlands Customs
P.O. Box 4486
6401 CZ Heerlen
Phone: (31) 45 574 2700
Fax: (31) 45 571 6415



**Openness to Foreign Investment**

The Netherlands' trade and investment policy is among the most open in the world. With combined merchandise exports and imports accounting for more than two-thirds of GDP, the Dutch economy is one of the most internationally oriented.

The Netherlands is one of the world's largest suppliers of investment capital and currently ranks number six among the world's ten largest foreign investors (fourth if FDI is related to GDP). The Netherlands currently also ranks number eight among global recipients of FDI. The Dutch government maintains liberal policies toward foreign direct investment, and adheres to the OECD investment codes.

The only Dutch exception to national treatment is in air transport. In air transport, nationality and ownership requirements apply for licenses to operate an airline, and cabotage is reserved to national carriers. With the exception of a few public and private monopolies from which foreign and domestic private investment is banned (the Netherlands central bank, Netherlands railways, and public broadcasting) foreign firms are able to invest in any sector and are entitled under the law to equal treatment with domestic firms.

European Union reciprocity provisions in banking and investment services also bind the Dutch. Provision of government incentives, national rules of incorporation, and access to the capital market, are all administered on a non-discriminatory basis. Business laws and regulations are in accordance with international legal practices and standards and apply equally to foreign and Dutch companies.

Structural and regulatory reforms have been an integral part of a major reorientation of Dutch economic policy since the early eighties. Product market competition is strengthened by way of the market forces, deregulation and legislative quality (MDW) project combined with tightening of competition policy. The government has reduced its role in the economy by introducing market forces in formerly public utilities sectors. While the electricity sector is gradually being opened up to foreign competition, government-controlled entities retain dominant positions in rail transport and the gas and water sector, and continue to play a large role in aviation and in telecommunications.

Despite relatively high Dutch labor costs, foreign investors have found the Netherlands a favorable location for their European investment projects. The Dutch actively solicit foreign investment through the Netherlands Foreign Investment Agency (NFIA), and regional economic development companies. More than 25 percent of total FDI in the

European Union is in the Netherlands. Foreign direct investment is concentrated in growth areas including information technology (ICT), biotechnology, medical technology, and in food processing. Investment projects are predominantly in contract manufacturing (high-tech assembly), distribution, and value-added logistics.

The Netherlands is particularly attractive for the establishment of European headquarters, distribution centers, call centers and shared services centers. Investment surveys indicate that U. S. investors in particular favor the Netherlands as a location for European Distribution Centers (EDCS). An estimated 60 percent of U. S. companies in Europe have located their EDCS in the Netherlands. Following the introduction in 1997 of a more friendly tax regime, the number of European headquarters established in the Netherlands has also increased sharply.

Foreign investors find the Netherlands attractive because of the country's stable political and macro economic climate, a highly developed financial sector, the presence of a well educated, relatively flexible and productive labor force, and the high quality of Dutch physical and communications infrastructure.

The Netherlands is also known for its favorable fiscal climate. Precise tax guidance given to foreign investors provides transparency with regard to long-term tax obligations. The business and investment climate in the Netherlands ranks highly in surveys by various international institutions. The 2000 World Competitive Project by the Swiss-based Institute for Management Development (IMD) ranks the Netherlands number four among the world's most competitive economies, behind the United States, Finland and Singapore. The economist intelligence unit's 2000 survey of the global business environment singled out the Netherlands as the country with the most favorable business climate for the period up to 2004. The A. T. Kearney Globalization Index, lists the Netherlands among the world's most internationally oriented countries, second only to Singapore.

The International Location Advisory Service (ILAS) subscribes to the favorable observations in various business surveys but flags recruitment problems (particularly in ICT) in a tight labor market and a shortage of industrial sites as potential bottlenecks in attracting foreign direct investment to the Netherlands. Deterioration of the fiscal climate due to sharper tax competition among EU Member States is likely to also erode the Dutch competitive environment.

There are no apparent foreign investment screening mechanisms, and 100 percent foreign ownership is permitted in those sectors open to foreign investment. The rules on acquisition, mergers, takeovers, and reinvestment are nondiscriminatory. All firms must conform to certain rules of conduct on mergers and takeovers. These rules are administered by the Social Economic Council (SER), an official advisory body composed of representatives of government, business and labor. The SER rules are intended to protect the interests of stakeholders and employees. They include requirements for timely announcement of merger and takeover plans and for discussions with trade unions. A survey among European companies by Heidrick & Struggles ranks the Netherlands second after the UK as country with the most transparent corporate governance practices. Despite the supposedly open policy, elaborate corporate protective measures against hostile takeovers may de facto block acquisitions or takeovers by Dutch and foreign investors. Legislation and an industry code of conduct providing for a marginal reduction of takeover defenses took effect in 1997.

The Netherlands maintains no preferential or discriminatory export or import policies with the exception of those that result from its membership in the European Union. The Dutch also abide by all internationally agreed strategic trade controls e.g. the Wassenaar Agreement. In summary, Dutch domestic restrictions on foreign investment remain minimal and no new ones are being planned. The Dutch investment climate should continue as it is, but may be influenced in the future by EU policies.

**Conversion and Transfer Policies**

There are no restrictions on the conversion or repatriation of capital and earnings, including branch profits, dividends, interest, royalties, or management and technical service fees, with the exception of the nominal exchange license requirement for non-resident firms.

**Expropriation and Compensation**

The Netherlands maintains strong protection on all types of property, including private property, and the right of citizens to own and use property. Expropriation would only take place in the public interest and with adequate compensation. We have no reason to believe that it would be undertaken in a discriminatory manner or in violation of established principles of international law. The embassy is unaware of any recent expropriation claims involving the Dutch government and U. S. or other foreign-owned property.

**Dispute Settlement**

The embassy is not aware of any investment dispute involving the Dutch government and U. S. or other foreign companies. The Netherlands is a signatory to the International Convention on Investment Disputes and a member of the International Center for the Settlement of Investment Disputes (ICSID). Although the central government has no rules regarding withdrawals of investment, occasionally trade unions go to court over company closures. This has occurred in the case of both domestic and foreign-owned firms.

**Performance Requirements/Incentives**

There are no trade-related investment performance requirements in the Netherlands. General requirements to qualify for investment subsidy schemes apply equally to domestic and foreign investors. There are no requirements for employment of local capital or managerial personnel. However, in practice almost all chief executives of major U. S. subsidiaries in the Netherlands are Dutch or other EU nationals, because skilled managers are available at a cost less than that of posting an American abroad. In the case of staff personnel, however, Dutch nationals must be employed unless firms can demonstrate that a Dutch national cannot perform the job in question. This burden is eased by an existing provision that prior employment with the firm of at least two and a half years amounts to a presumption of unique qualifications for the job.

Limited, targeted investment incentives have long been a well-publicized tool of Dutch economic policy to facilitate economic restructuring and to promote energy conservation, regional development, environmental protection, R&D, and other national socio-economic goals. Subsidies and incentives are available to foreign and domestic firms alike and are spelled out in detailed regulations. Subsidies are in the form of tax credits which are usually disbursed through corporate tax rebates, or direct cash payments in the event of no tax liability.

The Regional Investment Projects Subsidies Scheme (BSRI), better known by its old acronym IPR, is the only major investment incentive still available to investors. The IPR aims to encourage corporate investment in parts of the country with a high unemployment rate by giving an investment grant for new investments (industrial buildings and fixed assets) or the acquisition of land. Sharply falling unemployment, a major criterion for Brussels approval of national investment subsidies, is likely to reduce the significance of the IPR as an investment-stimulating instrument over time.

Investment costs qualifying for IPR grants include costs incurred for the acquisition of land, necessary buildings and durable equipment. Grants ranging from 10-20 percent of investment costs to a maximum of 18 million guilders (roughly USD$8 million) per project apply to Greenfield projects in the northern provinces of Groningen, Friesland, and Drenthe. IPR grants ranging from 10-20 percent for new investment of at least 30 million guilders (roughly $13 million) apply to the Twenthe region in the East and the province of Limburg in the South.

Local investment subsidies are sometimes also available from regional development companies. Regional non-tax incentives are available in the form of cash grants, low-interest loans, local government participation, and export guarantees for selected areas. The growing number of tax incentives offered to investors in other EU countries has prompted the government to look into the possibilities of expanding existing tax instruments to aggressively improve the Dutch tax climate vis-a-vis that in competitor countries like Belgium, Germany and Ireland.

**Right to Private Ownership and Establishment**

There are full rights of private ownership and establishment of business enterprises in the Netherlands, except in the monopoly sectors as noted in the introduction. Despite the fact that service providers must often meet stringent licensing requirements, numerous enterprises in the Netherlands are 100 percent owned by foreign firms, including many from the U. S. Licenses are granted on the basis of competitive equality.

**Protection of Property Rights**

The Netherlands has a generally good record on IPR protection, with the exception of the enforcement of anti-piracy laws (see below). It belongs to the World Intellectual Property Organization (WIPO), is a signatory of the Paris Convention for the Protection of Industrial Property, and conforms to the accepted international practice for protection of technology and trademarks.

Patents for foreign investors are granted retroactively to the date of original filing in the home country, provided the application is made through a Dutch patent lawyer within one year of the original filing date. Patents are valid for 20 years. Legal procedures exist for compulsory licensing if the patent is determined to be inadequately used after a period of three years, but these procedures have rarely been invoked. Since the Netherlands and the United States are both parties to the Patent Cooperation Treaty

(PCT) of 1970, patent rights in the Netherlands may be obtained if PCT application is used. The Netherlands is a signatory of the European Patent Convention, which provides for a centralized Europe-wide patent protection system. This convention has simplified the process for obtaining patent protection in the Member States. Infringement proceedings remain within the jurisdiction of the national courts, which could result in divergent interpretations detrimental to U. S. investors and exporters.

The enforcement of anti-piracy laws remains a concern to U. S. producers of software, audio and videotapes and textbooks. Organized optical disc software piracy, and e-commerce piracy are also of major concern to the Dutch. Annual losses to the U. S. motion picture industry due to audiovisual piracy in the Netherlands have been estimated at $10 million in 2000. The Dutch government has recognized the need to protect intellectual property rights, and law enforcement personnel have worked with industry associations to find and seize pirated software. Dutch IP legislation explicitly includes computer software as intellectual property under the copyright statutes.

**Transparency of the Regulatory System**

Laws and regulations that affect direct investment, such as environmental rules, health and safety regulations, etc., are non-discriminatory and apply equally to foreign and domestic firms. Dutch tax law facilitates attracting non-Dutch personnel to live and work in the Netherlands. Currently, the expatriate transferred to the Netherlands on a temporary contract can make use of the 35 percent ruling. The ruling provides that 35 percent of his/her gross employment income in the Netherlands is not taxable under Dutch personal income tax laws. This treatment is granted for four years, with another four years possible upon application. Furthermore, the expatriate is considered a non-resident, meaning that only income from Dutch sources is taxed in the Netherlands.

Dutch corporations and branches of foreign corporations currently are subject to a corporate tax rate of 35 percent on taxable profits, which puts the Netherlands at the lower end the bracket in the EU. The corporate tax rate will be reduced to 34 percent in 2002. Dutch corporate taxation generally allows for the exemption of dividends and capital gains derived from a foreign subsidiary (participation exemption). A 2000 survey by Baker & McKenzie into the corporate tax structure of EU Member States observed that, while the official corporate tax rate in the Netherlands is relatively low, the Dutch are among the Member States with the highest effective corporate tax rates (20.67% in the year 2001). A further reduction of the corporate tax rate to 30 percent to bring the effective corporate rate closer to the EU average has therefor been proposed. No local Dutch income taxes are levied on corporations. Furthermore, the Netherlands maintains an extensive network of tax treaties with a large number of countries. A new tax treaty with the U. S. took effect on January 1, 1994.

**Efficiency of Capital Markets and Portfolio Investment**

Dutch financial markets are fully developed and operate at market rates, facilitating the free flow of financial resources. The Netherlands is an international financial center for the foreign exchange market and for eurobonds and bullion trade. The flexibility that foreign companies enjoy in conducting business in the Netherlands extends into the area of currency and foreign exchange. There are no restrictions on foreign investors' access to sources of local finance.

## Political Violence

The Netherlands is noted for its stable political environment. In the highly consensus-oriented Dutch society, political violence is nonexistent. The Dutch economy derives much of its strength from a stable industrial climate fostered by partnership between unions, employers' organizations, and the government. Strikes are rarely regarded as the primary means to settle labor disputes, and labor strikes in recent decades have been very rare.

## Corruption

New anti-bribery legislation, implementing the 1997 OECD anti-bribery convention, became effective on February 1, 2001. The new anti-bribery law reconciles the language of the OECD anti-bribery convention with the EU fraud directive and the council of Europe convention on fraud. It makes corruption by Dutch businessmen in landing foreign contracts a penal offense, and bribes are no longer deductible for corporate tax purposes. At a national level, Dutch justice and interior ministries have taken steps to sharpen regulations to combat bribery in public procurement and in the issuance of permits and subsidies.

## Bilateral Investment Agreements

The Netherlands has signed bilateral investment agreements with a large number of countries including: Albania, Argentina, Bangladesh, Belarus, Bolivia, Bosnia-Herzegovina, Brazil, Bulgaria, Burkina Faso, Cameroon, Cape Verde (Republic of), Chile, China, Costa Rica, Cuba, Croatia, Czech Republic, Ecuador, Egypt, El Salvador, Estonia, Georgia, Ghana, Guatemala, Honduras, Hong Kong, Hungary, India, Indonesia, Ivory Coast, Jamaica, Jordan, Kenya, Korea (Republic of), Kuwait, Latvia, Lithuania, Macedonia, Malaysia, Malta, Mexico, Moldova (Republic of), Mongolia, Morocco, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Senegal, Singapore, Slovenia, Slovak Republic, South Africa, Sri Lanka, Sudan, Tanzania, Thailand, Tunisia, Turkey, Uganda, Ukraine, Uruguay, Uzbekistan, Venezuela, Vietnam, Yemen, Yugoslavia and Zimbabwe.

The Netherlands adheres to the OECD codes on capital movements and invisible transactions, with the exceptions mentioned earlier. It maintains a treaty of friendship, commerce and navigation with the U. S. that generally provides for national treatment and free entry for foreign investors, with certain exceptions. The Netherlands is also a member of the EU single market.

## Investment Insurance Programs

Dutch companies investing in developing countries through the establishment of subsidiaries or joint ventures can insure their investment against non-commercial risks with the privately-owned Netherlands Credit Insurance Company (NCM) under the 1969 investment reinsurance act (WHI). The NCM reinsures its political risks with the Ministry of Finance. Dutch investors have not heavily utilized this insurance program, however, efforts are underway to find ways of making the program more effective.

According to article 7b of the investment reinsurance act (WHI) of 1969, reinsurance of investment in LDC's (Less Developed Countries) can be provided only if a satisfactory agreement has been reached with the recipient country regarding regulations which will apply to Dutch investment in that country.  The act covers procedures that will be followed in the case of a dispute between the investor and the host country on recovery of indemnity resulting from the insurance of the investment.  A temporary program covering the insurance of investment in all Eastern and Central European countries, with the exception of the former Yugoslavia and the Asian republics of the CIS (Thrio) was introduced in 1991.  In 1997, the WHI and Thrio programs were merged with similar programs for developing countries into the Investment Reinsurance Arrangement (IRA). Investment in countries with which the Netherlands has concluded a bilateral investment treaty are eligible for coverage under the IRA.  The Netherlands is a member of the multilateral investment guarantee agency (MIGA).

**Labor**

The Dutch workforce is largely well educated and multilingual.  Because employment in the Netherlands rose more than the labor force did in the past few years, the official unemployment rate currently ranks among the lowest in the European Union. Unemployment is forecast to fall from an average of seven percent in 1997, to less than four percent in 2001 and 2002, that is well below the EU –15 percent average.  Despite favorable labor market developments, structural unemployment, particularly long-term unemployment, is still considered too high.  Therefore, the Dutch government continues to give the highest priority to job creation.

The Dutch currently have the highest part-time work rate in the OECD, which has contributed to greater labor market flexibility.  A substantial increase in the participation of women in the workforce led the share of part-time workers in the total working population to increase to more than 35 percent.  Labor market participation, in particular by elderly workers, remains relatively low at 51 percent of the potential labor pool. Increasing labor market participation is therefore regarded a must to ensure sustained economic growth and to cope with the budgetary implications of a rapidly graying population.

The Dutch government's job creation policy is focused on the following elements: reducing the tax burden and social security contributions, moderate growth in wage levels, redistribution of work, and strengthening the economic structure.  In addition, the Dutch government has taken measures to improve labor market flexibility.  This combination of greater (but not full) labor market flexibility, consensual wage restraint, and lowering of the tax burden and social security contributions has received praise as the "Dutch Model."

Workers may be found through government-operated labor exchanges, a rapidly growing number of private employment firms, or directly through, for example, newspaper ads.  The official average workweek currently is 38 hours, but work-shortening programs (ADV) effectively reduce the average workweek to 36 hours. Cutting average working hours is often used to create jobs or avoid layoffs.  Recently concluded wage contracts include provisions for a 36-hour workweek.  Also, the American business community in the Netherlands has given cautious approval to calls to split the average 38-hour working week over four instead of five days, and treat Saturday as a normal working day.  This would help ease the country's traffic-choked roads and allow companies to better utilize their machinery.  On the other hand, new legislation has been adopted which will increase the flexibility in the operating hours of companies and shops.

The average contract wage increase in 2000 was slightly over three percent compared to an increase of 2.6 percent in 1999. Counting on the impact of a tax cut under the 2001 tax reform, official estimates optimistically expect the negotiated contract wage rise in 2001 to stay just below three percent. Tight labor market conditions make an increase of close to four percent more likely.

Labor contracts for the year 2001 and 2002 concluded so far provide for an average contract wage rise of 4.1 percent and 4.2 percent respectively, the highest increase since 1992. The average per unit wage costs increase in 2001 and 2002 is forecast to accelerate to a level well in excess of an average four percent wage cost increase in 2000. This is in excess of the predicted average three percent wage costs rise for the Eurozone as a whole. A 1999 survey of average annual labor costs, base pay plus employers' social security costs, mandatory benefits and voluntary benefits, across the EU by international consulting practice William Mercer ranked the Netherlands number nine after countries such as the UK, Germany, France, Sweden and Denmark.

A 1999 benchmark report by the European Industry Federation UNICE observed that, despite relatively high wage costs, the Netherlands has one of the highest levels of labor productivity in the manufacturing industry. In order to reduce the gap between productivity and wage costs the Dutch government has significantly reduced employers' costs for workers who earn or are just above the minimum wage level. It has also called on organizations of employers and workers to create jobs at the lowest end of the wage scale. Currently, the lowest wage established by collective labor agreements (CAO’s) is about eight percent higher than the statutory minimum wage ($1,108 per month in 2000). Most recent CAO's do provide for lower wage scales.

Labor/management relations in both the public and private sectors are generally good in a system that emphasizes the concept of social partnership. Although wage bargaining in the Netherlands is increasingly decentralized, there still exists a central bargaining apparatus where labor contract guidelines are established. About 75 percent of all Dutch workers are covered by union contracts that are negotiated on a by-sector basis with employers associations and, if accepted by the government, are extended by law to the entire sector. Some sector labor contracts (e.g. road transport and haulage) are relatively inexpensive, others (e.g. metal) are more costly. To avoid surprises, potential investors are advised to consult with local trade unions to determine which, if any, labor contracts apply to workers in their business sector prior to making an investment decision. Collective bargaining agreements negotiated in the past few years have, by and large, been accepted by the rank and file without much protest, despite only moderate wage rises, and days lost to strikes are relatively low.

The Dutch have always had an economy which derives its strength from free trade and a stable industrial climate fostered by partnership between unions, employers organizations and the government. There is substantial labor involvement in corporate decision-making on matters affecting workers. Each company in the Netherlands with at least 50 workers is required by law to institute a Works Council with which management must consult on a range of issues including investment decisions. Legislation implementing an EU work council directive came into effect in March of 1998. Trade unions and management are generally receptive to foreign investment, especially where this leads to improved employment possibilities and related benefits. U. S. companies generally perceive works councils as contributing to management-worker relations and a benefit to the company.

## Foreign Trade Zones/Free Ports

The Netherlands has no free trade zones or free ports in the sense of territorial enclaves where commodities can be processed or reprocessed tax-free. There are, however, a large number of customs warehouses (EU category a through e, but no category a and f or “free zones”) and free warehouses at designated places and international airports where goods in transit may be temporarily stored under customs supervision. Goods may be repacked, sorted or relabeled.

## Foreign Direct Investment Statistics

Data on the stock of foreign direct investment in the Netherlands (by country of origin and industry sector) and comparable data covering the stock of Dutch direct investment abroad are compiled by the Netherlands Central Bank (NB) on an ad hoc basis. The NB's FDI inflows are based on sources of capital transactions rather than on actual "by country" investment outlays.

The NB's FDI statistics reveal that the total FDI stock in the Netherlands equaled 61 percent of GDP at the end of 2000, while FDI inflows in that year rose sharply to 15 percent of GDP. The FDI stock to GDP ratio in the Netherlands is among the highest in the European Union. The NB's FDI statistics also show that direct investment and capital movements by non-bank financial enterprises, raised the stock of U. S. direct investment in the Netherlands to $55 billion in 2000 ($115.5 billion according to United States Department of Commerce statistics). This ranks the Netherlands as the third largest recipient of U. S. direct investment worldwide, up from fifth position in 1995, and moving ahead of countries like France and Switzerland.

According to FDI statistics based on actual investment outlays by country of origin during the period 1987 through 2000, the Netherlands Foreign Investment Agency (NFIA) was actively involved in the establishment of 578 U.S. investment projects with a total value of $5 billion. The total volume and value of direct investment projects for the whole of 2000 is estimated to be somewhat higher than the official number because the Netherlands has no compulsory registration of foreign investment, and also because there is a considerable amount of regional investment acquisition.

Extent of U. S. Investment in Selected Industries -- U. S. Direct Investment Position Abroad on an historical cost basis -- 2000

(Millions of U. S. dollars)

| Category | Amount |
|---|---|
| Petroleum | 3,149 |
| Total manufacturing | 24,228 |
| Food & Kindred products | 2,830 |
| Chemicals & Allied products | 12,832 |
| Primary & Fabricated Metals | -52 |
| Industrial Machinery and Equipment | 2,925 |
| Electric & Electronic Equipment | 3,548 |
| Transportation Equipment | -26 |

| | |
|---|---|
| Other Manufacturing | 2,135 |
| Wholesale trade | 10,486 |
| Banking | (d) |
| Finance/insurance/real estate | 71,373 |
| Services | 4,602 |
| other industries | (d) |
| all industries | 115,506 |

(d) Suppressed to avoid disclosing data of individual companies.
Source: USDOC, BEA

Foreign companies in the Netherlands account for roughly a quarter of industrial production and employment in industry. At the end of 2000, roughly one quarter of foreign establishments in the Netherlands was of U. S. origin, with four percent Japanese, 51 percent from the EU, 10 percent from other European countries, and the remaining 12 percent from non-OECD and non-EU countries. The Dutch government is confident that with the completion of the European Internal Market and the creation of the Economic and Monetary Union (EMU), investment from the U. S. will continue to play a dominant role in overall foreign investment.

The Netherlands is regarded as one of the most attractive countries for setting up European Headquarters, Call Centers, Shared Services Centers (SSC's), and European Distribution Centers (EDC's). Of all foreign headquarters established in Europe, close to 60 percent are located in the Netherlands. An estimated 25 percent of SSC's in Europe have chosen to come to the Netherlands. The Netherlands currently is home to 200 call centers within its borders, many of which are located in the city of Amsterdam. Amsterdam has developed into the continent's biggest data-communications infrastructure junction and ICT center. U. S. ICT companies including Cisco systems and MCI World Com have chosen to build their data centers close to Amsterdam's fiber optic high-speed data lines. A similar data-communications infrastructure junction and ICT cluster, linking the Netherlands with the North of Europe, is currently being established by U. S. company Tycom in the city of Groningen in the north.

The Dutch also lead Europe in attracting distribution centers. An estimated 42 percent of U. S. multinational companies have established a European distribution center in the Netherlands. U.S. companies investing in the Netherlands have also been expanding robustly in the micro-electronics field, value-added logistics and the establishment of European headquarters.

According to the Netherlands Foreign Investment Agency (NFIA), computer manufacturers in particular are looking to northern Europe to establish an assembly, maintenance and distribution center. To this end SCI Systems, a contract manufacturer for Hewlett Packard, established a production facility in the city of Heerenveen in the north employing 400 workers. Packard bell is successfully operating a distribution center in the city of Nijmegen in the East employing 500 workers. Technology wholesales, Ingram Micro, established a multi-million dollar regional distribution center in the province of Limburg in the South. Other large U. S. electronics firms with establishments in the Netherlands are AT&T, Rank Xerox, IBM, and Honeywell.

In the chemical sector, Lyondell Chemical Nederland Ltd. is currently investing $1 billion in expanding Propylene Oxide (PO) and Tertiary Butyl Alcohol production in the Port of Rotterdam Botlek area.

The top fifteen U. S. investors in the Netherlands, based on the number of employees, are listed below:

1. Sara Lee/Douwe Egberts NV
P.O. Box 2
3500 CA Utrecht
Phone: (31) 30 292 7311
Fax: (31) 30 293 7646
Manufacturing, sales and marketing of coffee and groceries, and household and personal care products.

2. AT&T Network Systems International BV
P.O. Box 1168
1200 BD Hilversum
Phone: (31) 35 687 3111
Fax: (31) 35 687 1748
Telecommunications equipment and systems.

3. Philip Morris Holland BV
P.O. Box 205
4600 AE Bergen op Zoom
Phone: (31) 164 279 911
Fax: (31) 164 279 335
Manufacturing, sales and marketing of cigarettes and tobaccos.

4. Ernst & Young
G.H. Betzweg 1
3068 AZ Rotterdam
Phone: (31) 10 407 4444
Fax: (31) 10 455 6440
Accountants and auditors, tax advisers, and management consultants.

5. IBM Nederland NV
P.O. Box 9999
1006 CE Amsterdam
Phone: (31) 20 513 3111
Fax: (31) 20 513 3634
Development, production, maintenance and sales of word processing, data processing and telecommunications equipment and services.

6. Alcoa Nederland Holding
P.O. Box 21
5150 BA Drunen
Phone: (31) 416 386 100
Fax: (31) 416 386 210
Manufacturing and sales of aluminum rolling and extrusion and end products.

7. General Electric Plastics Europe BV
P.O. Box 117
4600 AC Bergen op Zoom

Phone: (31) 164 232 911
Fax: (31) 164 232 940
Manufacturing, sales and marketing of thermoplastic resins.

8. Coopers & Lybrand Dijker van Dien
P.O. Box 94200
1097 GE Amsterdam
Phone: (31) 20 568 6666
Fax: (31) 20 568 6888
Accounting and auditing services, tax and management consultancy.

9. Deloitte & Touche
P.O. Box 90721
2509 LS The Hague
Phone: (31) 70 326 4701
Fax: (31) 70 324 4482
Public accountants, tax advisors and related services.

10. Dow Benelux NV
P.O. Box 48
4530 AA Terneuzen
Phone: (31) 115 671 234
Fax: (31) 115 672 423
Production of chemicals and plastics.

11. Digital Equipment BV
P.O. Box 9064
3506 GB Utrecht
Phone: (31) 30 283 9111
Fax: (31) 30 289 0623
Electronics

12. Rank Xerox Manufacturing (Nederland) BV
P.O. Box 43
5800 MA Venray
Phone: (31) 478 525 000
Fax: (31) 478 588 159
Manufacturing of copying equipment and supplies.

13. Du Pont de Nemours (Nederland) BV
P.O. Box 145
3300 AC Dordrecht
Phone: (31) 78 621 8911
Fax: (31) 78 616 3737
Manufacturing and sales of plastics, synthetic fibers and industrial organic chemicals.

14. Cargill
P.O. Box 8074
1005 AB Amsterdam
Phone: (31) 20 580 1911
Fax: (31) 20 682 0193

Agricultural products.

15. Honeywell BV
P.O. Box 12683
1100 AR Amsterdam
Phone: (31) 20 565 6911
Fax: (31) 20 565 6600
Manufacturing and sales of low pressure regulators for gas burners, micro switch precision components, control apparatus for heating, ventilating, air-conditioning controls, instruments and systems for process automation, safety controls for steam boilers, hot water boilers and special liquid level application and flow switches.

### Contact Information for Investment Related Inquiries

Netherlands Foreign Investment Agency (NFIA)
P. O. Box 20101
2594 AV The Hague
Phone: (31) 70 379 88 18
Fax: (31) 70 379 63 22
website: www.nfia.nl



## Description of Banking System

Banking and financing are important service industries in the Netherlands providing funds for international as well as domestic trade. The Dutch financial sector is dominated by three Dutch bank conglomerates - ABN Amro, Rabobank, and ING Bank - which have about 75 percent of total lending. U.S. financial services providers in the Netherlands play on a level legal field. The Finance Ministry and Central Bank grant full national treatment to foreign banks.

According to the Finance Ministry, Dutch legislation implements all existing EU law and regulations on the provision of financial services. Banks organized in the Netherlands as branches of a U.S. parent cannot benefit from the EU single banking passport and are subject to both U.S. and Dutch regulations.

Foreign financial service providers face no special conditions or restrictions, and receive full national treatment. However, one provision of the Dutch 1992 Banking Act does reflect the EU Banking Directive's "reciprocity" provision. The Finance Ministry says this section has never been used, and that all applications from non-EU parent banks are handled on a national treatment basis.

### Foreign Exchange Controls Affecting Trade

There are no foreign exchange controls in the Netherlands.

### General Availability of Financing

Banking facilities for international transactions available in the Netherlands generally meet or exceed U.S. standards.

### How to Finance Exports/Methods of Payment

Financing is provided at market rates by commercial banks and, for a small part, by a specialized export financing company - NV Export Financiering Maatschappij, set up by the large commercial banks.

### Types of Available Export Financing and Insurance

The Nederlandsche Credietverzekering Maatschappij NV (NCM), a private company owned by the Dutch banks, and a number of insurance and export finance companies, provides export credit insurance. NCM can be contacted at: Nederlandsche Credietverzekering Maatschappij NV, Keizersgracht 271-287, 1016 ED Amsterdam, Phone: (31) 20 553 9111, Fax: (31) 20 553 2811. Information on Eximbank programs can be obtained from the marketing department, Phone: (202) 566 8860. Eximbank also has a toll free number, Phone: (800) 424 5201 which provides information on its overall programs.

### Availability of Project Financing

Most projects are financed by public and private sector lenders at commercial rates.

### Types of Projects Receiving Financial Support

As a member of the European Union, the Netherlands has access to EU-funded programs which provide a wide range of support in the form of grants, loans and co-financing for training, feasibility studies, infrastructure projects in the environmental, transportation, energy and other key sectors. EU initiatives are designed to support projects within its Member States and the EU-wide "economic integration" projects that cross over borders.

EU Structural Funds are available to assist economically depressed regions that require industrial restructuring and agricultural re-conversion. Tenders for such projects are subject to EU public procurement legislation, provided that the tender meets the EU threshold requirements. There are no overt prohibitions against the participation of U.S. firms. From a commercial perspective, these initiatives create significant market opportunities for European firms of American parentage.

### List of Banks with Correspondent U.S. Banking Arrangements

Three big Dutch banks dominate the Dutch banking sector: ABN Amro, ING, and Rabobank. Nonetheless, U.S. and foreign banks are represented. Important bank contacts:

ABN Amro Holding NV
P.O. Box 283
1000 EA Amsterdam
Phone: (31) 20 628 9898
Fax: (31) 20 628 7740

Internationale Nederlanden Bank NV (ING)
P.O. Box 1800
1000 BV Amsterdam
Phone: (31) 20 563 9111
Fax: (31) 20 563 5700

Rabobank Nederland
P.O. Box 17100
3500 HG Utrecht
Phone: (31) 30 290 9111
Fax: (31) 30 290 2672

Bank of America National Trust and Savings Association
P.O. Box 1638
1000 BP Amsterdam
Phone: (31) 20 557 1888
Fax: (31) 20 557 1600

Citibank NA
P.O. Box 23445
1000 DX Amsterdam
Phone: (31) 20 651 4211
Fax: (31) 20 651 4234

Foreign Bankers' Association
P.O. Box 19870
1000 GW Amsterdam
Phone: (31) 20 550 2888
Fax: (31) 20 623 9748



**Business Customs**

The Dutch market is a highly competitive market and the U.S. exporter must keep certain factors in mind to achieve maximum success. The "golden keys" of customary business is courtesy, especially replying promptly to requests for price quotations and to orders. These are a prerequisite for exporting success. In general, European business executives are more conservative than their American counterparts; therefore, it is best to refrain from using their first names until a firm relationship has been formed. Friendship and mutual trust are highly valued, and once an American has earned this trust, a productive working relationship can usually be counted upon.

Dutch buyers appreciate quality and service and are also interested in delivery price. Care must be taken to assure that delivery dates will be closely maintained and that after-sales service will be promptly honored. The Dutch and Europeans in general, are concerned that after placing an order with an American supplier, the delivery date will not be honored. While there are numerous factors that may interfere with prompt shipment, the U.S. exporter must allow for additional shipping time and keep in close contact with the buyer.  It is much better to quote a later delivery date that can be guaranteed than promise an earlier delivery that is not completely certain.

U.S. exporters should maintain close liaison with distributors and customers to exchange information and ideas.  In most instances, mail, fax, or telephone communication is sufficient, but the understanding developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly. Prompt acknowledgment of correspondence by airmail or fax is recommended.

Further, U.S. exporters should seriously consider warehousing in the Netherlands for speedy supply and service of their European customers.  A vigorous and sustained promotion is often needed to launch products because of buying habits.  Products must be adapted to both technical requirements and to consumer preferences.  It is not sufficient to merely label a product in conformity to national requirements for the development of the full market potential.  Consumers must also be attracted to the product by label and packaging as well as ease of use.

**Visas and Residence Permits**

Every U.S. traveler must have a valid passport.  No visa is required for U.S. citizens visiting the Netherlands for less than three months, but one is required for longer periods.  An American citizen entering the Netherlands for permanent residence must register with the Dutch Aliens Police as soon as possible after entering the country. American citizens should also register with the U.S. Consulate General if they plan to live in the Netherlands.  U.S. citizens planning to work in the country must first obtain a work permit.  The permit must be presented to immigration upon arrival.  Such permits must be obtained by the Dutch employer and are usually granted only for specialized work.  Management and skilled workers generally have no difficulty in obtaining work permits.

**Holidays**

The year 2002 dates listed below are the official statutory holidays when most commercial offices and banks are closed.  Certain other days are celebrated as holidays within local jurisdictions.  The U.S. Embassy and Consulate General observe American holidays.

| | |
|---|---|
| New Year's Day | January 1 |
| Good Friday | March 29 |
| Easter Monday | April 1 |
| Queen’s Day | April 30 |
| Ascension Day | May 9 |
| Whit Monday | May 20 |
| Christmas | December 25 & 26 |

**Work Week**

Monday to Friday, 37 hours

**Business Infrastructure**

## Language Communication

English usually can be used in commercial correspondence. However, not all Dutch understand English and for retail products it is essential to provide advertising, labeling, and use instructions in Dutch. If such literature cannot be provided, the U.S. exporter should work with the Dutch importer or distributor to have the products labeled in the Netherlands.

While language barriers pose no problems, some expressions and terms may have different meanings from those in the U.S. To assure better understanding, it is well to define unfamiliar terms in commercial activities. By reference and the use of INCOTERMS in an agreement, both parties will be using the established international set of commercial terms, which helps to reduce possible misunderstandings and promotes fair dealing.

## Housing

Housing is often difficult to find and rents vary widely. Family housing of a size to which Americans are accustomed will be expensive in or near the larger cities. In many areas, furnished quarters are easier to find than unfurnished quarters. The term "unfurnished" must be taken literally. The tenant often must provide electric fixtures, stove, refrigerator, water heater, wardrobes, etc. Usually, the owner accepts responsibility only for exterior repairs; interior maintenance and repairs are usually at the tenant's expense. It might be necessary to engage a real estate agent (makelaar), although their fees are high. A municipal housing permit is required to occupy certain houses and apartments, and the landlord can advise you on this. Be aware that a verbal commitment can be considered a legally binding contract.

## Transportation

Rental cars are available at numerous locations. An international or U.S. State driving license is acceptable. Cars are driven on the right-hand side of the road. The national roads and highways are excellent. Newcomers may find driving in town a little disconcerting because of the many cyclists who often make unexpected turns or must be passed at close range. Some city streets have special bicycle paths. Right-of-way is that of the vehicle entering from the right unless the vehicle is coming out of a driveway. Roads posted with orange diamonds do not have to yield the right-of-way. The speed limit in the cities is 30 miles (50 km) per hour and on highways about 75 miles (120 km) per hour.

Most cities in the Netherlands have good public transportation systems (e.g. trains, buses, and trams), and prices are reasonable. Taxis are available everywhere and the fare is comparable with other European cities.

## Health

Medical services are excellent and hospitals compare with those in the U.S. Common medical needs are readily obtained, and special supplies are normally available on short notice. An international certificate of vaccination is not required for travelers from the

U.S.  Drinking water is excellent, most pharmaceuticals are available, and sanitation is at American standards.

**Currency**

The basic monetary unit is the Dutch guilder or florin (usually indicated as Dfl. Nfl. or as fl. Current value  $1 = Dfl. 2.50

On January 1, 2002, the Netherlands will convert from the guilder to the euro.

The timetable for the physical conversion to the euro and the disappearance of the guilder has been set as follows:-

From January 1, 2002 the euro will be introduced into daily life as coins and banknotes. Guilder coins and banknotes will be valid for another four weeks, after which they will no longer be legal tender.  For each original currency an official conversion rate has been fixed – one euro = Dfl. 2.20371. All calculations between the euro and the guilder must use all six digits, with only the final amounts being rounded off to two decimal points, while during the interim period converting one national currency into another must use the euro as the base value.

**Other Information**

With the ease of telephone communications, international calls are frequently the best method of arranging appointments and maintaining solid commercial relations.  The Dutch are usually adept at handling business calls in English, but the American executive must be prepared to expect some language problems.  The time zone for the Netherlands is Greenwich mean time +1, or 6 hours ahead of the U.S. eastern standard time (EST + 6 hours).  Fax machines and E-mail have increased the speed and ease of international communications and should be used to maintain strong business ties.

The electric current is alternating current, 50 cycle, 220 volts.  American appliances, such as electric shavers and hair dryers do not work and will be damaged if used without a converter.  Most hotels have a 110-volt outlet in the bathroom for U.S. electric shavers.

Conservative business attire is recommended at all times.  Business appointments are also required and visitors are expected to be punctual.

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel. (202) 512-1800; Fax (202) 512-2250.  Business travelers to the Netherlands seeking appointments with Commercial Service officers in The Hague should contact the Commercial Service in advance.  For other information, business travelers may wish to consult the U.S. Embassy/U.S. Consulate General website: www.usemb.nl, or the Department of State website at http://travel.state.gov.

## Appendix A – Country Data

A. Population: 15.9 million
B. Population Growth Rate: 0.53 percent
C. Religions: Roman Catholic, Protestant, significant Muslim and Jewish minorities
D. Government system: Constitutional Monarchy with Parliament
Head of State: Queen Beatrix
Head of Government: Prime Minister Wim Kok

E. Languages: Dutch; English frequently used in business
F. Work week 37 hours

## Appendix B - Domestic Economy

| | 1999 | 2000 | 2001(E) |
|---|---|---|---|
| A. GDP (current $b) | 352.7 | 377.9 | 459.9 |
| B. GDP Growth Rate (%) | +3.9 | +4.5 | +2.8 |
| C. GDP Per Capita ($) | 22,326.0 | 23,766.0 | 28,742.0 |
| D. Govt. Spending (% of GDP) | 47.0 | 46.3 | 44.7 |
| E. Inflation (% change in CPI) | 2.2 | 2.6 | 4.5 |
| F. Unemployment (%) | 4.0 | 3.5 | 3.5 |
| G. Foreign Exch. Res.($b) (including gold, IMF def.) | 20.3 | 20.1 | 20.4 |
| H. Av. Ann. Exch. Rate ($1 = Guilder) | 2.07 | 2.39 | 2.30 |
| I. Debt service ratio | | | |

## Appendix C - Trade

| | | | |
|---|---|---|---|
| A. Total Exports (f.o.b./$b) | 241.3 | 285.1 | 303.2 |
| B. Total Imports (c.i.f./$b) | 221.7 | 265.1 | 280.3 |
| C. U.S. Exports (f.a.s./$b) | 19.4 | 22.0 | 24.2 |
| D. U.S. Imports (customs/$b) | 8.5 | 9.7 | 10.6 |



U.S. EMBASSY TRADE-RELATED CONTACTS

August Maffry
Counselor for Commercial Affairs
The U.S. & Foreign Commercial Service
American Embassy
Lange Voorhout 102
2514 EJ The Hague
APO address:
American Embassy

US & FCS The Hague
Unit 6707 – Box 039
APO AE 09715
Phone: (31) 70 310 9417
Fax: (31) 70 363 2985
E-mail: the.hague.office.box@mail.doc.gov
website: www.usemb.nl

The U.S. & Foreign Commercial Service
American Consulate General
Museumplein 19
1071 DJ Amsterdam
Phone: (31) 20 575 5351
Fax: (31) 20 575 5350
E-mail: amsterdam.office.box@mail.doc.gov

Mark A. Tokola
Counselor for Economic Affairs
American Embassy, The Hague
Unit 6707 – Box 039
APO AE 09715
Phone: (31) 70 310 9271
Fax: (31) 70 310 9348
website: www.usemb.nl

Phil Letarte
Counselor for Agricultural Affairs
American Embassy, The Hague
Unit 6707 – Box 039
APO AE 09715
Phone: (31) 70 310 9209
Fax: (31) 70 365 7681

American Citizens Services
American Consulate General
Museumplein 19
1071 DJ Amsterdam
Phone: (31) 20 575 5309
Fax: (31) 20 575 5310
website: www.usemb.nl

COUNTRY TRADE AND INDUSTRIAL ASSOCIATIONS IN KEY SECTORS

American Chamber of Commerce
Burg. van Karnebeeklaan 14
2582 BB The Hague
Phone: (31) 70 365 9808
Fax: (31) 70 379 6322

Holland International Distribution Council
P.O. Box 85599

2508 CG The Hague
Phone: (31) 70 346 7272
Fax: (31) 70 360 3698
Trade association for transport, logistics, and warehousing companies.

VIFKA
P.O. Box 220
3454 ZL De Meern
Phone: (31) 30 662 1515
Fax: (31) 30 662 1717
Trade association for office, information and (tele) communication industries.

Vereniging Federatie Het Instrument
P.O. Box 2099
3800 CB Amersfoort
Phone: (31) 33 465 7507
Fax: (31) 33 461 6638
Trade association for suppliers of instrumentation for industrial electronics, automation, laboratories and medical technology.

FARON/FME
Netherlands Association of Manufacturers of Electronic Equipment
P.O. Box 190
2700 AD Zoetermeer
Phone: (31) 79 353 1355
Fax: (31) 79 353 1365

FENIT - Federatie Nederlandse Informatie Technologie
P.O. Box 11760
1402 AT The Hague
Phone: (31) 70 385 7171
Fax: (31) 70 383 6931

VLM
P.O. Box 190
2700 AD Zoetermeer
Phone: (31) 79 353 1323
Fax: (31) 79 353 1365
(Association of Dutch manufacturers of pollution control
Equipment)

COUNTRY GOVERNMENT OFFICES RELATING TO KEY SECTORS

Ministry of Economic Affairs
P.O. Box 20101
2500 EC The Hague
Phone: (31) 70 379 7169
Fax: (31) 70 379 8074

Ministry of Agriculture, Nature Management and Fisheries
P.O. Box 20401

2500 EK The Hague
Phone: (31) 70 379 3911
Fax: (31) 70 381 5153

Ministry of Transport
P.O. Box 20901
2500 EX The Hague
Phone: (31) 70 351 6171
Fax:  (31) 70 351 7895

Ministry of Health, Welfare and Sport
P.O. Box 20350
2500 EJ The Hague
Phone: (31) 70 340 7911
Fax: (31) 70 340 7834

Ministry of Housing, Physical Planning and Environment
P.O. Box 20951
2500 BZ The Hague
Phone: (31) 70 339 3939
Fax: (31) 70 339 1280

Ministry of Social Affairs and Employment
P.O. Box 90801
2509 LV The Hague
Fax: (31) 70 333 4444
Phone: (31) 70 333 4040

COUNTRY MARKET RESEARCH FIRMS

To locate market research firms in the Netherlands contact:
The Netherlands Association of Market Research Firms (NVVM)
Hogehilweg 8
1101 CC Amsterdam Z.O.
Phone: (31) 20 697 6951
Fax: (31) 20 691 0433

COUNTRY COMMERCIAL BANKS

ABN Amro Holding NV
P.O. Box 283
1000 EA Amsterdam
Phone: (31) 20 628 9898
Fax: (31) 20 628 7740

Internationale Nederlanden Bank NV (ING)
P.O. Box 1800
1000 BV Amsterdam
Phone: (31) 20 563 9111
Fax: (31) 20 563 5700

Rabobank Nederland
P.O. Box 17100
3500 HG Utrecht
Phone: (31) 30 290 9111
Fax: (31) 30 290 2672

WASHINGTON-BASED USG COUNTRY CONTRACTS

Paul Dacher
Netherlands Desk Officer
U.S. Department of Commerce/ITA
Room 3042
14th & Constitution Avenue, N.W.
Washington, D.C. 20230
Phone: (202) 482 6008
Fax: (202) 482 2897

TPCC Trade Information Center
Phone: 1-800-USA-TRADE

U.S. Department of Agriculture
Foreign Agricultural Service
Trade Assistance and Promotion Office
Phone: (202) 720 7420

U.S. Department of State Office of Business Affairs
Phone: (202) 746 1625
Fax: (202) 647 3953

AMERICAN STATE OFFICES

Indiana
World Trade Center
Strawinskylaan 305
1077 XX Amsterdam
Phone: (31) 20 571 1886
Fax: (31) 20 571 1889
Director: Mr. James Sitko

Maryland
Beurs - World Trade Center
Room 869
P.O. Box 30224
3001 DE Rotterdam
Phone: (31) 10 205 3860
Fax: (31) 10 205 5494
Director: Mr. Gary Kunkle

A complete list of all market research reports is available from the NTIS and the Showcase Europe website. The following industry subsector analyses covering the Netherlands are currently available from the NTIS:

Advertising Services
Agricultural Equipment
Air Pollution Control Equipment
Building and Construction Materials and Equipment
Business Travel
Casual Apparel
Computer Services
Defense Equipment
Dental Equipment and Services
Diagnostics
DIY & Hardware Products
Fast Food/Restaurant Franchise
Franchising
Garage Equipment
Hazardous Waste Management
Home Health Care & Rehabilitation Equipment
Hotel, Restaurant & Catering/Food Processing Equipment
Household Consumer Goods
Internet Security Solutions
Internet Services
Laboratory Instruments
Liberalized Telecom Market
Logistics Services
M-Commerce
Pleasure Boats
Recycling Services
Renewable Energy Technologies
Solar Energy Systems
Tourism Infrastructure Market
Trucks and Parts
Value-added Telecom Services
Visit USA Market
Water Pollution Control Equipment

Scheduled Industry Subsector Analyses 2002:

Mobile Telecommunications
ICT Market
Electromedical Equipment
Garage Equipment
Remediation of Contaminated Sites
Wind Energy
Travel & Tourism Services
Civil Aviation
Defense Market Opportunities
Security/Safety Equipment

Solar Energy
Kitchen Equipment
Sporting Goods

Scheduled Reports 2002: (Foreign Agriculture Service)

Fresh deciduous fruits semi-annual
Livestock semi-annual
Livestock Brussels
Poultry semi-annual
Grain & feed annual
Forest products annual
Dairy semi-annual
Oilseeds & products annual report
Tobacco annual
Fairs: food/agriculture import regulations
Livestock annual
Poultry annual
Fresh deciduous fruit annual
Exporter guide
Competitor report
Seafood annual
Trade leads report
Foreign buyer list annual report
Frozen French fry annual
Dairy annual
Planting seed annual
Citrus annual report



Because trade event schedules may change, firms should consult the export promotion calendar on our website: www.usatrade.gov, or contact the U.S. & Foreign Commercial Service for the latest information or to arrange individual trade programs.

International Buyer Program: The U.S. & Foreign Commercial Service in the Netherlands plans to promote international buyer attendance to all the domestic U.S. trade shows designated under the International Buyer Program. Where possible, a member of the U.S. & Foreign Commercial Service or one of the other agencies will escort the buyers' groups and use the occasion to address exporters and recruit U.S. exhibitors for Dutch and European trade shows. Firms should consult the Export Promotion Calendar at www.usatrade.gov for a list of shows in the International Buyer Program. They can also contact the U.S. & Foreign Commercial Service for more information, or to arrange individual trade programs.

The Foreign Agricultural Service Events will promote attendance at the following events:

ROKA, Utrecht, the Netherlands
March 10-13, 2002

Phone:(31) 30 295 5911
Fax:(31) 30 294 0379
website: www.jaarbeursutrecht.nl

SIAL, Paris, France
October 20-24, 2002
Phone:(33) 149 68 5499
Fax:(33) 147 31 3775
website: www.frenchfoodfinder.com/sial.htm

Throughout FY 2002: Continued promotion of U.S. food and beverages through the Market Promotion Project. Organize and assist with menu promotions at hotels and restaurants throughout the Benelux.

Country Commercial Guides can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at (800) 553-NTIS. U.S. exporters seeking general export information and assistance or country-specific commercial information should consult with their nearest U.S. Export Assistance Center or the U.S. Department of Commerce's Trade Information Center at (800) USA-TRADE, or go to one of the following web sites: www.usatrade.gov or www.tradeinfo.doc.gov .